THE FINANCIAL POST

The Canadian Newspaper for Businessmen and Investors

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Be Sure to Read

This Absentee Question . 3
Labor 'Hoarding' Survey 7
Employer Meets Worker 16
More 'Strategics' For '43 19

Vol. XXXVI — Member of Audit Bureau of Circulations — PUBLICATION OFFICE: TORONTO, NOVEMBER 14, 1942 — 10c a Copy; $5.00 a Year — No. 46

The Nation's Business

Need Clarification On Steel Car Case

Government expropriation of the Malton aircraft plant of National Steel Car Co. is a very serious business. All Canadian enterprise and every Canadian citizen is vitally concerned in this drastic and sudden move by Ottawa.

To date neither government nor company officials have told nearly enough as to the background and reasons for the move. Both have made brief, enigmatic public statements. To date those statements are so far apart as to make it virtually impossible for the observer to draw conclusions. Meanwhile, the usual wild rumors circulate. Government, company officials, company shareholders and all war industry suffer because of the dark confusion in which this vital matter still lies.

The government should tell much more than it has. Its reasons for taking such drastic action are quite properly public property in a democratic community. Every war contractor should know the grounds on which the government might decide to take over **his** plant.

The company should tell much more than it has. This company, like every other which has a mobilized working staff, machinery, skill and plant, has two supreme duties. It has a duty to the nation. The greater the capacity for service, the greater the duty. Second it has a duty to its shareholders, the real owners of the property which the government has taken away.

The company statement intimates that it has been done a grievous injustice. If such is the case, it is its plain duty to supply the evidence in support of this charge, and so spare others from potential injustice and the Canadian people from mad bureaucracy. If grievious injustice has been done, it is plainly the company's duty to lead the fight for restitution for its shareholders. A high principle of the duty of corporate management is at stake.

At this writing the affair stands just about the same place as a conventional schoolboy argument, "You are"; "We ain't."

One fact is evident from the record of airplane production tasks assigned to the Malton plant: the company has time and again been a victim of circumstances beyond its control. On some contracts its production was seriously hampered by unexpectedly bad war developments and U-boat activity on the Atlantic which interfered with the delivery of airplane specifications and parts from Great Britain. Production has suffered likewise from delayed parts delivery by Canadian and American subcontractors. It suffered again from faulty plane design. For months during the dark days of 1940 the company had plane contracts which kept only a very small part of its capacity engaged. For none of these difficulties could the company be blamed. And in its current contract to make Lancasters, it has taken on one of the biggest and most difficult airplane tasks in the world. The company has been courageous in tackling jobs and has had an unusual number of bad breaks.

At the same time rumors of difficulty and confusion at Malton have been too many and too serious in nature to permit the conclusion that nothing was wrong. Information from one source which should know is to the effect that the expropriation move has been expected for months.

In the company's published statement it was stated: "We have not thought it desirable or necessary to discuss with our plant employees the reasons and the responsibility for the delays." Many managers would, on the contrary, have thought it most necessary to explain to maintain the morale and loyalty of workers.

Publication of adequate facts as to the reason for plant expropriation may be painful for this or that individual, perhaps serious for the government.

But great though the powers we have entrusted to our leaders to speed victory, we have not by a long shot accepted dictatorship. Shareholders and Canadian citizens need a much fuller explanation.

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DO AWAY WITH THIS DEBT

Income tax authorities, business and industrial leaders, and economists consulted by The Financial Post have, almost without exception, supported the institution of some such tax collection system in Canada as that now known as the "Ruml" plan.

Collection of income taxes at the source has gone a long way toward improving the efficiency and equity of our fiscal system. But in spite of the fact that all regular income earners are paying their taxes each pay day, every one of them is, under the present system, perpetually in debt for eight months' back taxes.

That eight months' debt is a first charge against a Canadian's estate. It hangs like a millstone around the neck of a man who enlists. It bears heavily on those whose income is declining (as if wartime living costs were not sufficiently arduous for these people). And the great majority, whose income is going up, will besiege the tax offices for rebates next September.

The only arguments raised against the "Ruml" plan are that cancelling the eight months' debt would be a greater benefit to the man whose income is falling than to the man whose earning power is rising; that the "rebate" of eight months' taxes would not be the same for all citizens because of variations in income.

The latter argument is specious in the extreme. If it is just to tax the higher income at a higher rate, there can be no injustice in allowing a proportional rebate.

More important is the fact that almost the only important class of taxpayer who would benefit from the cancellation now is the man who enlists, and few would begrudge the concession. In reality, the eight months' tax debt is not an income tax at all, but a form of succession duty, a first charge on the taxpayer's estate. Those in the lower income groups would otherwise escape the succession duty entirely, and those in the upper groups are already taxed heavily by the regular succession duty, which is sensibly patterned on a far different plan from the income tax.

What has happened is that with rising taxes and an expanding tax base, what was formerly a petty irritation has grown to become a major inequity, unpopular with the taxpayers and a contradiction of the basic principles of Canadian taxation. The remedy is simple—why don't we apply it?

CANADA WILL NEED MORE FACTORIES

The Toronto Evening Telegram has been telling citizens of the nearby town of Oakville to stop complaining about having no war plants; to consider themselves lucky because after the war "the war industry will go out of business and an unsightly building not readily useful for other purposes will be left as a memorial of our fight against autocracy."

Every industrial community now helping win the war should keep one basic fact in mind. If Canada is to be a better, more prosperous community after the war—and that surely is one of the fundamental things we are fighting for—this country must have more industrial plants than it had in September, 1939.

An expert survey shows that in 1940 the United States didn't have enough plant capacity to give its people full employment because expansion of plant facilities had been neglected during the 1930's. The same situation generally undoubtedly holds true for Canada also.

True, some of our Canadian war plants may be abandoned after the war. Some may not be suitable for conversion to any peacetime need. But if Canada is to move forward to better things we must have a national industrial plant virtually as big as it is today. If that end is to be achieved, there will be tenants for most war plants, users of much war machinery, jobs for war workers.

Welter of Confusion Fogs Malton Seizure

National Steel Car Action Said Not to Presage Any Further Plant Expropriations — No Parallel Seen in Previous Government Actions

By KENNETH R. WILSON

OTTAWA.—Behind last week's sudden, explosive seizure of one of the nation's largest, most up-to-date aircraft plants lies a confused, contradictory story of management, personalities and contract difficulties that have plagued the Malton plant of National Steel Car Co. since its inception.

In brief, the government's justification for expropriating the Malton plant according to well-informed sources comes down to this: that company directors and president continually interfered with plant manager David Boyd and to a point where the government felt production of the big Lancaster bombers was jeopardized.

On the other hand, the view said to be held by those close to the company is that this sudden, unprecedented act was an impetuous move taken not so much on the merits of the recent Boyd controversy as on a long-cherished desire to have this plant freed from its former management and control.

What happened at Malton does not, it is stated here, presage further expropriations in connection with this or other war production programmes. Officials claim no desire or intent to "move in" on other private firms in the aircraft or other war industries. They describe the Malton situation as unique and unparalleled.

Boyd Resignation

Immediate cause of the flare-up which led to the summary action of last week was the resignation of David Boyd as plant manager at Malton.

On the advice of the directors of National Steel Car Co. Boyd's resignation two weeks ago was accepted but the Department of Munitions and Supply is reported to have refused to permit Boyd to leave.

No similar expropriation proceedings have occurred in Canada since the outbreak of war. The government has cancelled contracts where it has felt the contractor was not doing an adequate job. W. H. Banfield & Sons Ltd. of Toronto, a subcontractor working with government machinery, was alleged inefficient. The machinery was removed and the contract placed elsewhere. The government took over properties such as Dufferin Shipbuilding from the Custodian of Enemy Property. It has put controllers in charge of plants for a temporary period (Hamilton plant of National Steel Car). It switched the management of one of its own properties, Allied Brass, because of alleged unsatisfactory management and output. But there have been no outright expropriation proceedings heretofore such as have occurred in this instance.

No Prior Discussion

According to the brief, explanatory statement to shareholders issued the day following the expropriation, company officials claim that Boyd's resignation came out of a blue sky and without prior discussion with any senior officers.

The contention is that apart from supervision in matters of costs, etc. Boyd was given every freedom to handle the Lancaster operation in his own way and that the programme was fully up to schedule.

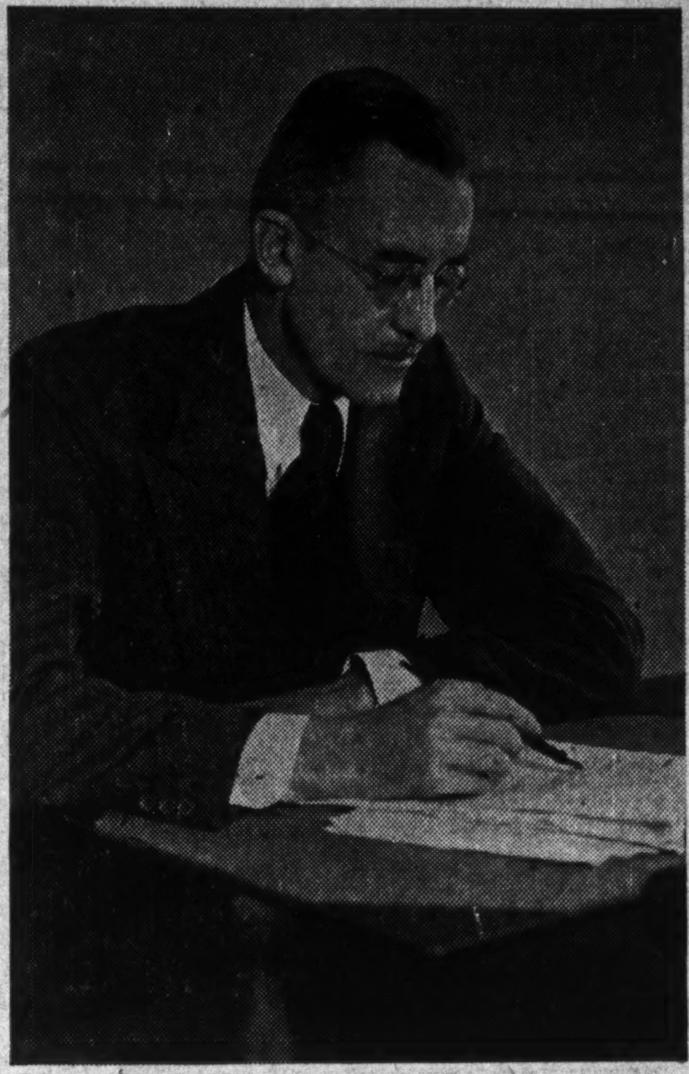
The fact that Ralph Bell had originally nominated Boyd to the job of managing the Lancaster contract at Malton gave the department at Ottawa a close interest in his welfare. When R. S. Hart, president and chief operating official of the company, took the advice of his directors and accepted the Boyd resignation, the departmental fat was apparently in the fire. Added to which, the plant workers themselves, after reportedly offering their whole-hearted support to the company, changed their minds later in the day and decided to back Boyd. Ostensibly, it was the labor delegation at Ottawa that decided authorities here to take summary action and expropriate the plant. That such action might be taken was, however, feared for some time in certain quarters, The Post is informed.

Hasty, Impulsive Action

What is implied in unofficial "company" reaction to the Ottawa move is the feeling that this action was hasty and impulsive and based,

(Continued on page 2, col. 1)

Double Control Task



To Alan Holmes Williamson has been given the double responsibility of being head of Canada's Timber Control and Rubber Control. With both of these commodities in scarce supply the Williamson worries will probably not be few. That he has been asked to carry the double burden is a considerable tribute to his performance as Controller of Supply. Background of that performance was a close experience with a wide variety of Canadian business problems gained through his long association with Wood, Gundy & Co., investment firm.

New Offensive Plans Mold Output Schedule

Inclusion of Canada in Combined Resources Board and New Priority System Timed to Coincide With Shift of Initiative to Allies

By ROBERT T. ELSON

WASHINGTON. — The combined British-American operations in North Africa will have a vital effect upon production schedules of Canada, the United States and Great Britain, which are now being decided for 1943 here in a series of conferences between representatives of every major British war agency and their American counterparts.

The admission of Canada as a full member of the Combined Production and Resources Board as announced last week in The Financial Post, is obviously closely tied in with this picture. It not only acknowledges the part that the Dominion has already played in the world picture of supply, but also gives Canada a voice of her own in determining what part she shall play in the future as producer of raw materials and finished munitions.

Plan for 1944

President Roosevelt has disclosed this week that the United Nations plans are now projected as far ahead as Jan. 1, 1944. He made this revelation at his press conference when he said the American armed forces would reach a total of 9.7 million men during the next year and that he hoped this number would be enough for victory.

At the same time he very pointedly said that American arms production had not yet reached its peak and his statement implied that this would be attained during the coming year.

In North Africa this week the initiative passed to the United Nations in the western theatre of war. The significance of this for Canada is that her balanced production must be continued at all costs. Experts here, however, believe that there will be continuing demand for shipping because, as responsible American spokesmen, including Secretary of the Navy Knox, have indicated, the battle against the U-boat has not yet been won. Canada's role in producing airplanes, although it is small compared with the overall picture, will continue to be important. Probably the production of small arms and the munitions to supply all calibres of weapons will occupy an even more prominent place in the forthcoming schedules than it did before — because here again with all fronts flaring into action the guns will have to be fed.

Canadian manufacturers cannot assume that their present schedules can be maintained without alteration. Munitions is strictly a "fashion industry." And fashions change rapidly with every battle front. Decisions taken as a result

(Continued on page 2, col. 5)

Tariff Reform To Be Blocked In Congress?

Special Correspondence

WASHINGTON. — President Roosevelt's surprise request of Congress last week that it give him power to suspend tariffs, immigration restrictions, etc., for the duration would help to clear away some of the red tape that encircles American borders.

Canada and the United States, in a joint statement by the President and Prime Minister Mackenzie King, agreed to the desirability of suspending wartime tariff barriers last Christmas. Although Canada has passed a number of orders-in-council that facilitate handling such traffic, the U. S. has not done so because the consent and approval of Congress was required.

No Follow-through

Under the direction of Milo Perkins the Board of Economic Warfare here originally drafted a bill which would implement the joint declaration. It was never presented to the House of Representatives and no official explanation was forthcoming. Unofficially it was said that Mr. Perkins felt the political opposition that could develop on Capitol Hill might impede rather than facilitate the handling of necessary transfers across the border.

American officials here have done everything possible to handle Canadian problems with a minimum of delay. Certain orders for the navy account, because of an exclusive provision in legislation authorizing U. S. naval purchases, are authorized for entry into the United States duty free. Such orders have been cleared without undue delay.

But on the other hand you have such absurd situations arising as when Canada first sent her troops into Alaska. They were presented with a demand for payment of duty on their supplies—a situation that was only solved when Secretary of State Cordell Hull designated them "distinguished visitors" and they were finally admitted. One offi-

(Continued on page 2, col. 8)

See Two Million Bond Buyers

New Money Reaches New Loan High at $971 Millions

By STAFF WRITER

OTTAWA.—There is every hope here that the number of individual subscribers to Canada's Third Victory Loan will triumphantly touch the two million mark when final returns are known. Preliminary mid-week totals (the last that will be available prior to final figures in mid-December) showed 1,826,000 individual subscriptions, an increase of 21% over corresponding preliminary figures for the Second Victory Loan.

In the second Loan the number of individual subscriptions on the preliminary count was 1,506,000, this rising to 1,681,000 when complete returns became available. Ottawa places the greatest importance on these individual subscription totals as being the real barometer of the success the Loan achieved in tapping the rank and file of general and wage earner income.

$971 Millions

Accumulative preliminary dollar totals places new cash subscriptions to the Loan at $971,837,900. This is a 17.5% gain over the corresponding preliminary figure ($827 millions) in the last loan. The final total of new money collected in the last loan was $843 millions.

One important difference between the two loans so far as total dollar subscription is concerned is the fact that in the Third Loan there are no conversions. The final grand total for the Second Victory Loan ($997 millions) contained $152 millions of conversions. It is significant that the preliminary total for the Third Loan is almost at this final grand total without any conversion money.

Though cheered by the extraordinary response to the Third Victory Loan, Chairman George Spinney and other officials are already looking ahead to plan and execute further improvements in Canada's voluntary saving machinery.

The ability to get some 2 million Canadians to participate in this loan is conceded an important step in the direction of syphoning off excess purchasing power, especially from wage-earner groups. But it is felt that the National War Finance Committee can and should do an even better job "next time" in whatever is decided upon as the best method for tapping national purchasing power.

Tap Versus Blitz

When key men come to Ottawa in the near future to discuss future plans and mull over the experiences of the Third Victory Loan, the question of "tap" versus "blitz" campaigns is bound to raise its head once more. When such discussions do arise, those who favor continuing the "blitz" approach (supported, of course, by intermediate certificate and other campaigns) will have an important and probably deciding argument in the tremendous amount of national enthusiasm which has been whipped up during the past few weeks and which has in very large measure been responsible for the tremendous volume of individual subscriptions which have been obtained.

The majority, though not as yet the unanimous view, here in Ottawa, seems to be that in no other way except a blitz campaign could this job have been done. This, it is felt, is amply supported by reference to wartime savings programmes in other countries. Canada's response, it is claimed, is far ahead of any country which has resorted to "tap" loan methods. For Canada to abandon now this proved method of sales technique without any assurance of success for an alternative method, would be a very considerable gamble.

In support of the "blitz" argu-

(Continued on page 2, col. 3)

From hundreds of thousands of workers in tens of thousands of meetings like this, came an upsurging response to Canada's Third Victory Loan which closed its books last week with oversubscription of over $220 millions.

These workers are in the Clark Ruse Aircraft plant in Dartmouth, Nova Scotia. They organized their own bond selling campaign. They overshot their quota by more than 50% with more yet to come.

To Chairman George W. Spinney, the most encouraging and significant feature of the campaign is the fact that out of a population of less than 8 million people (over sixteen years of age) there should have been some 2 million individual subscriptions to the Third Victory Loan. No other country has ever approached such a record.

On top of this, Canadians are meeting 52% of the cost of the war from taxes compared with 45% in Britain and 20% in the U. S.

Steel Car Case Reviewed

Many Factors Were Beyond Local Control

Efforts of National Steel Car Co. to produce airplanes, efforts that extend back well before the war started, have ended with action by the government in taking over the company's Malton plant.

The government cites as reasons for its action desire to:

"Expedite operations and to maintain a community of interest and co-operation between the plant management, the Munitions and Supply Department and the designers and builders of the Lancaster bomber in Britain."

This is not the first time the Canadian government has taken over plants producing war materials although there does not appear to be an exact parallel in other cases available.

Investigation suggests that much of the trouble has been due to circumstances over which the company had no control. It could do nothing to overcome inability of English firms to supply parts of the Lysander following the fall of France. It could do little to speed up the lagging efforts of Canadian Associated Aircraft nor to influence the course of the war which brought with it changing emphasis on different kinds of airplanes. To a considerable extent the company was the victim of circumstances.

At the same time there appears to have been evidence of failure to get the most out of its facilities.

Shareholders of the company have not been unduly disturbed at events, judging from the relatively small fluctuation in prices of its shares. Price to be paid for the plant remains to be determined, either by agreement or by the legal course of expropriation proceedings. When received it will strengthen cash position but at the same time removes a potential source of profits. It is quite possible, however, that earnings from this plant to date have not been very great.

The company maintains the government is not justified. It claims readiness at all times to handle work available, subject to limitations enforced by failure of part suppliers to do their share. It is admitted that some such action as now announced had been "rumored" for the past six months. The company's statement mentions its decision not to take employees into its confidence and explain production delays but gives no reason for this policy.

National Steel Car Co. was one of the earliest of new entrants in the aircraft production field. It started with the negotiation with the Westland Aircraft Co., England, for Canadian rights to the "Westland Lysander" army co-operation aircraft, secured in the autumn of 1936. Following a year and a half of study of engineering problems, first contract was received from the Canadian Government early in 1938. First machine of this 28-plane order was ready in Aug., 1939.

In March, 1940, a further Canadian Government order for 92 Lysanders was received and an order for 150 from the British Government. In July, 1940, notice was received from the Canadian Government which in effect revoked the whole Lysander order, an action taken following the fall of France.

Later, work on producing Lysanders was resumed and it is understood the company completed this contract about the end of October this year, after fighting heartbreaking delays in getting parts from England. Lysanders are now being used in Canada for training purposes.

Made Hampden Parts

National Steel Car was also one of the original partners in the manufacture of Handley-Page "Hampden" twin-engine bombers for Great Britain. This contract, which eventually was raised to 160 planes, was actually held by Canadian Associated Aircraft Ltd., and arranged in Sept., 1938. Each of the six companies participating in the contract, of which National Steel Car was

(Continued on page 4, col. 1)

W. P. T. B. Prosecutions

For violation of regulations of the Wartime Prices and Trade Board and those of the Department of Munitions and Supply from June to October, 1942.

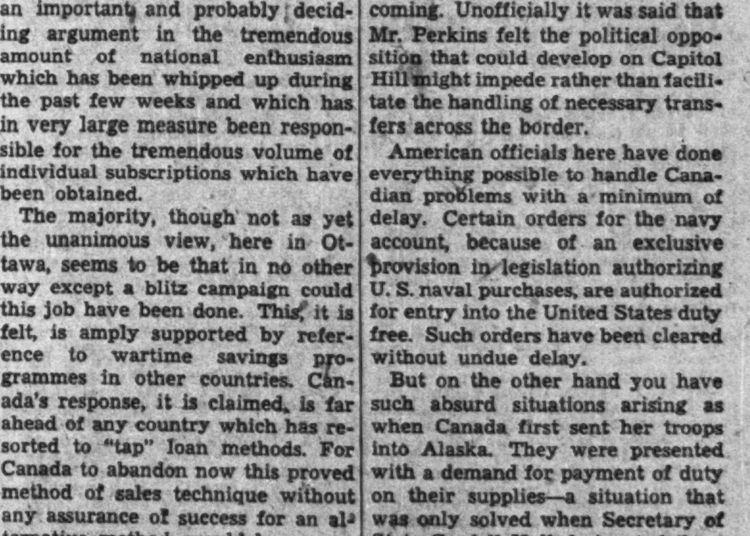


Chart by The Financial Post

Prosecutions taken by the Wartime Prices & Trade Board in connection with offenses against W.P.T.B. and Dept. of Munitions & Supply regulations since last June have shown a steady uptrend. From December, 1941, to May, 1942, prosecutions were relatively few but in the past six months there has been a notable increase. Much of that increase is attributed to increased W.P.T.B. vigilance. In the eleven months ended October there were 1,017 prosecutions on which there have been 950 convictions, or 93% of the total.

Not to Fight Malton Move

Expropriation Surprises National Steel Car

From Our Own Correspondent

MONTREAL. — Expropriation of the huge Malton aircraft plant of the National Steel Car Corp. by the Dominion Government, will not be opposed in any way by the company.

Hugh Baird, chairman of the company, has issued a public statement in which he "deplores" the action of the Government. At the same time he denies the implied charges of inefficiency or delays in the scheduled programme to produce the big Lancaster bomber in this country.

The Government's action was a well kept secret. On Nov. 5 Ottawa announced the taking over of the plant.

The Departmental announcement quoted Ralph P. Bell, Director General of Aircraft Production, as saying: "It is felt that this step will ensure the successful continuance and completion of the Lancaster programme which is so vital to the war effort."

Further in explaining the action, the statement said: "The Government is taking over the plant in order to expedite operations and to maintain a community of interest and co-operation between the plant management, the Department of Munitions and Supply and the designers and builders of the Lancaster bomber in Britain."

Other Side of Story

By unofficial but nevertheless well informed sources, The Financial Post is informed:

1. The Government's action in expropriating the plant was entirely unexpected by the management. Prior to the issuance of the Departmental statement there had been no discussions between the company and the government as to the inability of National Steel Car to carry out to completion the building of the Lancaster bombers. The week previous, Ralph Bell publicly complimented David Boyd and the company on the progress made.

2. The first evidence that David Boyd was not satisfied with the co-operation received from the management was when he handed in his resignation the weekend before last. Moreover in his letter of resignation, it is understood, Mr. Boyd did not raise any particular reason as to his leaving the company.

3. No representations had been or have been made by the Union to the management.

4. The Government's action apparently was all cut and dried as the Order-in-Council was already made out when the Departmental statement was issued.

Ottawa Calls Tune

In his statement Mr. Baird says, "the Malton record definitely was not one of failure."

In support of this it is pointed out that National Steel Car built the Malton plant with its own money. There was no government assistance, nor were there any contracts at the time. The management saw the impending need and took the chance.

Has Maintained Schedules

There was never, it is claimed, any default on deliveries. There were delays, it is admitted, due to changes in specifications, in the release of "free issue" parts or in delivery of materials.

At no time did the Government complain about the inability of the company to live up to the terms of deliveries in its contracts.

Matter of Labor

In respect to labor unrest it is pointed out that the continued interruption in contract plans at Malton was certainly not conducive to peaceful labor conditions.

Seemingly the management was not fully aware of the undercurrent of dissatisfaction. This is emphasized in Mr. Baird's statement when he said:

"We have not thought it desirable, or necessary, to discuss with our plant employees the reason and the responsibility for the delays and no doubt many of them assumed that they were attributable to us which was not the fact."

Confusion Fogs Malton Seizure

(Continued from page 1)

not so much on the merits of the Boyd controversy, or on the record of the plant in recent months, as on a general disposition and eagerness to get the Malton plant clear of the National Steel Car ownership and direction. It is claimed that the government moved with equal haste and impulsiveness in appointing a controller at the Hamilton shell plant of National Steel Car last year at the time of threatened C.I.O. trouble. The controller was later withdrawn.

There is no fear expressed either by company or government officials as to any difficulty in regard to adequate compensation for shareholders so far as the expropriation of the plant is concerned. The plant is entirely owned by the company and will be duly evaluated. Payment or compensation to the full value is expected.

There is apparently no present intention on the part of the company to make any further comment on the expropriation apart from the brief initial statement of last week. Doubtless when Parliament assembles in January there will be questions asked in the House. Also a fuller statement for shareholders may be forthcoming at a later date.

Distillers Corp.-Seagrams Ltd. reports that during October it purchased for retirement and cancellation 1,310 shares of 5% preferred stock, leaving outstanding 159,873 shares of the par value of $15,987,300.

Sun Life Changes Are Announced

R. D. Taylor has been named legal adviser of the Sun Life of Canada succeeding J. Armitage Ewing, who retires after 37 years with the company. Mr. Taylor was born in Montreal and served overseas in the last war. After graduating from McGill Law school in 1923 he was admitted to the bar of both Quebec and New Brunswick and joined the Sun Life the same year. Mr. Ewing, whom he succeeds, is a native of the Eastern Townships.

Other appointments announced by Arthur B. Wood, president and managing director of the Sun Life are M. Versailles to be legal consultant, and E. L. Earl to be associate secretary.

The War and Business . . .

Signs of the Times

Last week the venerable, but ever-young Bank of Montreal celebrated its 125th birthday. This week the sign painters are busy at the various branch offices changing the window signs from the familiar "Established over 100 years," to "Established over 125 years." Time Marches On!

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To Prevent Hijacking

Having lost dozens of workers between the employment agency and its plants, one large Toronto factory now sends a taxi around to collect any stray labor available. Formerly the would-be worker in this essential but non-war industry came out by street car and many apparently changed their minds at transfer points. In any case, out of 12 men the employment agency said were coming to the factory one morning only four actually turned up.

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Wieners and War

The humble hot dog has now felt the impact of war. Canada Packers Ltd. has been recently inserting in its wiener packages a slip saying that "owing to a labor shortage in our plant, caused by the abnormal demand in vital munition factories, we could not skin sufficient wieners to fill all orders." The housewife is then given illustrated instructions on how to remove the cellulose casing which must be taken off before cooking.

Bottleneck

Illustrating the difficulties of operating machinery in non-war but essential Canadian industry, the owner of a small food processing plant told The Financial Post the other day that operations had been held up for over 24 hours because it had been found impossible to secure a couple of 60 watt fuses for a moderate sized motor. The owner was told that without a special higher priority than he had at present it would be impossible to secure such equipment.

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Motor Car Liquidation

In the United States where a system of federal licenses makes periodical tabulations more practical than in Canada, it is estimated that a million and a half motor cars have been forced off the road by manufacturing, tire and gasoline restrictions since the first of the year. This would be equivalent to a reduction of 125,000 motor vehicles or roughly 10% of the pre-war total. In informed circles, it is believed that actual reduction in this country has equalled if not surpassed that rate.

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Buying Control

Rationing and general civilian supply would be much simplified if consumers were restricted to purchasing from one source. At present, of course, one may buy bread or clothes from as many different people as one likes.

Some consideration has been given to this matter at Ottawa but it is understood that while eventually such a course may have to be adopted, there is little likelihood of it at present. While it would simplify the problem of control, it would certainly be irksome to consumers and would be resented.

New Offensive Molds Production Schedules

(Continued from page 1)

of experience in North Africa may require some retooling, more emphasis upon one or other phases of the supply problem.

The adoption of the new Controlled Materials Plan, described in detail in last week's Financial Post, means for the U. S. that civilian requirements are going to be cut even more drastically.

Leon Henderson said U. S. civilian requirements would take up only one and one half per cent of steel output. That probably forecasts similar drastic cuts in Canada.

While Canada will probably get firmer commitments from the American side of the border some supplies may be tighter than they were previously and the difference will have to be made up by more economies at home.

With the prospects for continued fighting and even more extensive offensive operations in 1943 the necessity for a continuous flow of finished munitions will probably be greater next year than it has in the one now drawing to a close.

Year of Preparation

As the picture now unfolds 1942 was largely a year of preparation—of stockpiling, as previous war years had been of up-building Britain's strength.

In 1943, to borrow a term from peacetime days, the war producers of Canada, like those of the United States and Britain will have to meet a rising consumer demand—the demand of battles in the Pacific and Atlantic theatres. These battles will range from Allied lands in Europe itself to the islands of the Pacific.

It is no military secret that most of the major military decisions for the early part of 1943 have probably already been made by the combined chiefs of staff.

The conferences now under way between Oliver Lyttelton, British Minister of Supply, and Donald Nelson are to translate these decisions into production schedules. Hon. C. D. Howe's presence on the Combined Production and Resources Committee will help determine what alterations are necessary in Canadian schedules. For reasons of security not even a broad outline of the supply picture is possible at present.

Canada, as Mr. Howe has said, is already nearing its peak in war production and will find in 1943 that the differences in the economy on both sides of the border will be ironed out. The United States, too, will be mobilized for war, with similar conditons applying in her field of production.

This should make for continued co-operation, but an end to certain irritating changes and hesitations down here that have sometimes complicated the Canadian picture.

HOLD HIGH THE TORCH OF FREEDOM

MANUFACTURERS . . . Are You Making War Material?

Borrow at the Bank, if necessary, to speed up your production for Canada's war effort.

Despite general Government financing of war projects, there are many "in-between" credit needs where the Bank can be and wishes to be helpful. Whether you make bullets or beds, cannon or caps, shells or shoes, for our forces—you are welcome to bring your credit problems to the attention of our nearest branch manager.

BANK OF MONTREAL

"A Bank Where Small Accounts Are Welcome"

Modern, Experienced Banking Service . . . the Outcome of 125 Years' Successful Operation

HAND-TAILORED TIES, made-to-order from Macclesfield hand-loomed silk squares. Superbly colored stripes, allover patterns and distinctive small designs. Each, 3.50, 3 for $10.

Simpson's

THE STORE FOR MEN—STREET FLOOR.

Dome Finds Tungsten In Albany River Area

"Looks Like Mine," Says Official Stressing Only Barest Details Yet Available — Follows Hard on Preissac Molybdenum Strike

An important discovery of tungsten—the company's second major war metal find—is reported by Dome Mines in the Albany River area just south of James Bay. The strike was made just before the last plane out, but samples reaching Toronto are reported exceptionally rich.

News of the discovery is confirmed by Secretary Alex Fasken of Dome Mines, who states that the company has "what looks like a tungsten mine." Mr. Fasken stresses, however, that officials will want further information on the showing before deciding on its importance.

Open It Up During Winter

While the crew had to come out on the last plane, plans have already been laid out for sending in an exploration crew immediately after the freeze-up. It is expected that work carried out this winter will determine the size of the deposit and its possibilities from the production standpoint.

One of the unusual aspects of the new deposit is the fact that tungsten-carrying scheelite is found occurring profusely through greenstone formation. This is the first time tungsten is known to have been found in this formation in Canada—geologists will likely pay considerable attention to the importance of this at the Dome find, while the discovery may have an important bearing elsewhere in Canada where thousands of square miles have not yet been prospected for tungsten.

To Start Shaft at Preissac

At Dome's Preissac, Que., property, where an important molybdenum deposit is under exploration, no decision has yet been made on mill capacity pending a fuller determination of the size of the deposit outlined by diamond drilling.

Production is expected by midsummer of 1943. It is apparent no time is being lost in proceeding with work. Sinking of a shaft will be started almost immediately to prepare the deposit for mining.

Two Million Buyers For Victory Loan

(Continued from page 1)

ment, the results obtained in payroll savings sales is taken as a case in point. Careful check of individual factory and plant campaigns suggests that invariably the best result was obtained where all the workers were brought together in big or section mass meetings. Conversely, the inability to get Canadian farmers into mass meetings to the same extent is thought to have much to do with the difficulty in obtaining a larger volume of farm sales.

The whole farm sales programme will be carefully analyzed and stepped up for future campaigns.

Thus the sale of Victory Bonds seems to mount most rapidly in ratio to the amount of "mass" psychology that is developed. Those who favor the periodic blitz campaigns believe that there is no substitute for this in terms of the nation as a whole. They will use the Third Victory Loan as a potent argument in urging continuation of that approach.

Another important argument put forward here in favor of "blitz" campaigns is the effect on national morale as a whole.

The view is commonly expressed in campaign headquarters that a large part of the costs of a Victory Loan campaign might well be charged to national account. Time and again evidence accumulates that the effect of Victory Loan campaigns on plant morale, on labor-management relations, on the general public and even on armed service esprit de corps goes far beyond the mere selling of bonds. As one plant manager expressed it:

"The whole thing has had an amazingly favorable effect on morale in the plant and we feel that it was well worthwhile entirely aside from the loan."

In spite of fears regarding future curtailment and concentration of industry and prospect of lower profits for many corporations the cash and inventory position of thousands of companies was revealed as considerably better than at the time of the last loan. It is thought here that there will be less tendency this time for corporations to "unload" than there has been in earlier loans in the event that they have been "oversold" in order to make a good showing and boost the loan total.

Investor's Index

Nov. 14, 1942

Asbestos Corp.	13	Lake of Woods	10
B. C. Power	13	Laura Secord	4
Brown Co.	12	Maple L. Milling	3
Canada North.	8, 13	Maritime T. & T.	12
Candn. Celanese	13	McD. & C. Hold.	17
Candn. Dredge	13	Minn. & St. Paul	12
Can. Ind. Alcohol	10	Montreal Trams.	16
Can. Invest. Fd.	17	Nat. Steel Car	1/2
Candn. Oil Cos.	10	Paramount Pict.	4
C. P. R.	7, 13	Paton Mfg.	8
Catelli Food	10, 13	Quebec P. & P.	12
Distillers Corp.	4, 15	Quebec Power	4
Electrolux Corp.	13	Saguenay Pwr.	9
Foundation Co.	10	Shawinigan	13
Hayes Steel	4	Standard Clay	9
Imperial Oil	4	Walkerville Br.	3
Inter. Paper	4	W. Can. Flour M.	3
Inter. Pete.	4	Winnipeg Elec.	13

MINES AND OILS

Base Metals	18	Inter. Nickel	18
Bassett Fl'rspar	18	Kirkland Lake	18
Beattie	18, 19	Little Long Lac	19
Broulan	18	MacL.-Cockshutt	19
Chesterville	18	McKenzie Red L.	19
Chromite Ltd.	19	Newbec	18
Coniaurum	19	O'Brien	19
Consol. Smelters	19	San Antonio	18
Dome	2, 19	Sherritt	12, 18
Falconbridge	18	Siscoe	19
God's Lake	19	Sullivan	19
Hope Chest	18	Wampum	19
Hudson Bay	18, 19		

REGULAR FEATURES

Banking	17
Bonds	5
Bond Quotations	14
Business Week in	7
Company Reports	4
Commodities	15
Editorial	6
Income Tax Queries	9
Insurance	16
Investment Page	4
Enquiry Letters	13
Market Opinions	4
Stock Quotations	14
Mining Page	18
Mining Quotations	14
Oil Page	18
Oil Quotations	14
Royalty Offerings	14
On the Record	7
Pulp and Paper	12
War Regulations	17
Wheat Page	15
Wheat Prices	15

Municipal Bonds

Nov. 10, 1942

	%	Due	Bid	Ask	Yld. %
†Halifax	5	1961	113.50	116.50	3.77
Hamilton	5	1950	110.25	113.25	3.00
Montreal	5	1945	94.00	97.00	*
Ottawa	4½	1945	104.00	105.50	2.37
†Quebec	5	1959	109.50	112.25	4.00
Saint John	5	1950	106.50	109.50	3.83
†Toronto	4½	1955	116.75	118.75	2.72
†Vancouver	5	1970	103.00	106.00	4.82
Winnipeg	5	1944	100.00	103.00	2.69

†Payable Can. & N.Y. *Flat.

Bond Tenders

Nov. 12, Canada Treasury Bills—$45,000,000, dated Nov. 13, 1942, payable Feb. 12, 1943.

Coming Struggle in Politics

In its Nov. 7 issue, The Financial Post published a searching article by Bruce Hutchison, subject—the forces which are pushing Canada toward a new two-party system of right and left. Herewith The Post publishes some of the comments which author Hutchison's challenging appraisal has evoked.

From R. C. Wallace,
Principal and Vice-Chancellor, Queen's University.

I think that Mr. Bruce Hutchison's statement in The Financial Post with reference to the future political issues in Canada is a wise statement, in which, as one who has not taken part in political life, I feel very definitely in agreement. The issue, in a word, is between a wise balance of private initiative and state direction on the one hand, and socialism on the other hand. And it will be decided, in the long run, as all such matters are decided, by the greatest good for the Canadian people as a whole. There are values which are too important to be sacrificed lightly. There are needs which have not yet been met.

From George C. McDonald
Of the Montreal chartered accounting firm of McDonald, Currie & Co.

I would say that I consider Bruce Hutchison's article the best summing up of the situation that has yet been written. Last summer I tried to persuade some of my friends that there no longer remained any difference between the policies of the people who supported the Liberal party and those who supported the Conservative party, and that the two should get together.

From W. G. MacKendrick, D.S.O.
Chairman of the Board, Warren Bituminous Paving Co.

Viscount Bryce was right; our political parties exist for their own sake, or welfare, and it cannot well be otherwise with baby kissing, loud promising political heelers tied to their party chariots and whose outstanding objective is "votes." It matters not which party is in power, their main objective is the **welfare of the Party** and not the State they were elected to serve.

With vote catching as their chief consideration in selecting candidates, and in holding on to power, what else could we expect to result but the present lamentable and sad condition of party politics?

Today, against the will of Canada, we have minority rule, one province overruling Canada's expressed desire, and the reason thereof is not the **welfare of the State** but a desire to retain votes necessary for partisan warfare.

Were I a party adherent it might be suggested that the foundation upon which our parties are built is not of the best material available, it is neither free from shifting sand nor rotten timber, and "as a river can rise no higher than its source." Why not build a foundation that cannot be shaken? Why not build a foundation in which the State supersedes the party election hack, the ward heelers, etc., from whence originates much of what has wrecked in time every party to date, and bedevilled candidates from A to Z.

From the "Globe and Mail," Toronto

In the Financial Post of Nov. 7, Mr. Bruce Hutchison, Canadian journalist, presents an able analysis of the political future which the nation faces. With some of his conclusions this paper would not agree, but in the main his article shows a keen grasp of the earthy fundamentals shaping our destiny, and accordingly its effect must be thought-provoking.

Mr. Hutchison takes the view that the great majority of the people are not thinking of partisan politics. This view we believe to be right and one which professional politicians and men interested in public affairs are obliged to consider when formulating policies with the hope of carrying public judgment. In this connection Mr. Hutchison says:

> But in a period when every kind of political and economic theory is being put to the acid test of results, when our whole society is in the melting pot, when most of humanity has been torn up by the roots, when men have largely lost their old party attachments and seek only a better society, regardless of party label—under such conditions no party can continue to exist if it does not represent a clear and an important idea.

This sentence could well provide a background for the men engaged in a serious effort to make the Conservative Party a political entity which will provide the alternative vehicle to our present government or a threatening socialist state as championed by the C.C.F.

On the whole the article is well worth reading by every one who takes an interest in public affairs. There is a great job to be done, and it can be accomplished only if whispering critics, by taking an active interest, demonstrate that it is equally as noble to live earnestly for one's country as it is for soldiers, airmen and sailors to show a willingness to die for their country.

The coming conference at Winnipeg gives an opportunity to people who have thought differently on political matters in the past to attend as delegates. Out of the convention, it is hoped, will emerge a leader surrounded by a group of men who will represent a point of view that exists, but has been lying dormant because it has not had effective championship in the Houses of Parliament.

The growth of the C.C.F., in our opinion, is attributable to the fact that it is an active political force capitalizing on dissatisfaction with the present government, rather than real subscription to its socialistic theories. The Liberals are moving far to the left on certain measures, not from a genuine desire to create a better State, but as a very manifest effort to placate the C.C.F. Therefore, it seems, the obvious course for the people gathering at Winnipeg is to champion a sincere policy compatible with the instinct of human nature against complete regimentation, but recognizing the necessity of social reforms and an amount of State control to eliminate the abuses of what is an outworn and outmoded system. Energetic people want nothing to do with the straight socialist system, which stultifies their initiative. They have utter contempt, not necessarily for the capitalistic system, but for the distortion of the capitalistic system into a form of licensed financialism.

On the other hand, the type of formula presented at the Port Hope conference is not going to receive wide public approval. The people are wearied over the ears of these so-called messages from Heaven which may have originated from the sincerest conviction, but they will be interpreted (and we believe unjustifiably) as a move to promise the people everything in the hope of getting their votes. It just won't work.

Surely in these grave times it is not too much to expect that men who formerly held strong partisan views can sit down together and work out a formula for the basis of a system which they earnestly believe will ensure the greatest good for the greatest number.

These points seem to stand out: The present government will be defeated for its virtues as much as its sins; the C.C.F., as representing socialism, is inconsistent with human nature, and will succeed only if something better is not presented; the mass of people do not care a tinker's dam for the "Grand Old Conservative Party" as such, but, in the majority, will follow any platform which gives opportunity for private initiative under a system of free enterprise, with the government always standing ready to step in and prevent abuses so that we may never again face the condition of pre-war days, with luxury on one hand and want and poverty on the other.

Tariff Reform To Be Blocked In Congress?

(Continued from page 1)

cial here was so thoroughly exasperated at that time that he suggested to the customs inspector he also collect duty on the importations of other less distinguished visitors who had entered American territory at the Aleutians.

Another situation that penalized the Americans occurred a few days ago when a messenger was sent from Ottawa bearing plans urgently needed by the War Production Board. He was held up at the border 48 hours and finally the plans, for which the enemy would probably have paid any sum, were valued at a mere $2 and a nominal duty paid and the messenger was allowed to proceed. According to the law the custom inspector was very much in the right.

The same situation that now applies between the United States and Canada also exists between many other countries now that Lend-Lease has been extended. Certain British shipments play a vital part in the war production programme.

Congress, however, is still "very" tariff minded and the President's request may run into opposition. The powers he asked delegated are extremely broad and will be a major test of the temper of the new Congress.

DIVIDEND NOTICES

International Petroleum Company, Limited

Notice to Shareholders and the Holders of Share Warrants

NOTICE is hereby given that a semi-annual dividend of 50c per share in Canadian Currency, has been declared, and that the same will be payable on or after the 1st day of December, 1942, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 58 at:—

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto, Canada.

The payment to Shareholders of record at the close of business on the 19th day of November, 1942, and whose shares are represented by registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 30th day of November, 1942.

The transfer books will be closed from the 20th day of November, to the 1st day of December, 1942, inclusive, and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income Tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe or of the French Empire and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an Authorized Dealer i.e. a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as above noted, may convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Royal Bank of Canada, King and Church Street Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U.S.A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

By order of the Board.

J. R. CLARKE,
Secretary.

56 Church Street, Toronto 2, Canada.
10th November, 1942.

DIVIDEND NOTICES

Imperial Oil Limited

Notice to Shareholders and the Holders of Share Warrants

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency, has been declared, and that the same will be payable on or after the 1st day of December, 1942, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 58 at:

THE ROYAL BANK OF CANADA
King and Church Streets Branch,
Toronto, Canada.

The payment to Shareholders of record at the close of business on the 16th day of November, 1942, and whose shares are represented by registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 30th day of November, 1942.

The transfer books will be closed from the 17th day of November to the 30th day of November, 1942, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe or of the French Empire and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an Authorized Dealer, i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of the Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as above noted may convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Royal Bank of Canada, King and Church Street Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U.S.A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

By order of the Board.

W. J. WHITLING,
Secretary.

56 Church Street, Toronto 2, Canada,
10th November, 1942.

This Week The Financial Post Asks:

Absenteeism—Punishable Offense?

The Question: As in Britain, Should Absence Without Cause From War Work Be Made a Punishable Offense?

Chas. R. Allen

Editor, Observer, Hartland, N.B.

Soldiers absent without leave are punished. If, as we are told by our government, workers in war plants are "soldiers on the home front," avoidable absenteeism should not be allowed to go unpunished. In smaller plants particularly, absence of only a small percentage of employees can create confusion and delay, absence from work in war plants without good cause should certainly be subject to some form of discipline.

* * *

W. H. Belford

Editor, Times-Journal, Fort William, Ont.

Habitual absence from war work without cause should be punishable. In advanced grades the punishment might be demotion. Where demotion is impossible continued absences without cause should be dealt with under the vagrancy laws. The nation's safety should not be endangered by persistent absence of individuals who are on war production payrolls. A war worker's position approximates that of a soldier. In the army absence without leave is penalized. In war industry it should neither be tolerated nor condoned.

* * *

Percy R. Bengough

Acting president, Trades and Labor Congress of Canada, Ottawa.

Production of munitions and supplies in this war is just as important and vital as the use of them. Therefore I agree with British treatment for absence without cause. Labor in Canada, while wholeheartedly supporting punishment for absenteeism without cause in vital war supplies, could not agree if present unco-operative labor attitude of the government continued, as this would mean government and employers would be the sole judges of workers' iniquities. Workers would discipline themselves if accorded full representation on the administrative boards. Punishment for such offenses should also apply to all citizens including civil servants and ministers of the crown.

* * *

L. B. Calnan

Editor and manager, Picton Gazette, Picton, Ont.

My opinion always has been and is now that war workers should be subject to discipline, and penalties for non-performance, as are the soldiers in the firing line — in other words that war workers should be part and parcel of our national defense organization, enjoying no special privileges greater than those enjoyed by the troops, except that they are at home in comparative safety.

* * *

W. Rupert Davies

Whig-Standard, Kingston, Ont.

I am opposed at the present time to making absence without cause from war work a punishable offense. The difficulty of distinguishing between "cause" and "without cause" would be tremendous. I prefer to exhaust every possible means of patriotic persuasion before adopting Hitler's methods. We are still living in a democracy although under the pressure of war we are humbly submitting to the dictates of a bureaucracy.

* * *

R. M. P. Hamilton

President and general manager, General Engineering Co. of Canada, Toronto.

We do not think absence without leave or cause from war work should be a punishable offense unless and until the whole country is organized on 100% allocation or conscription basis with adequate machinery not only planned, but actually set up and functioning, to care for such absentees, fairly and equitably.

* * *

R. M. Hoyland

Secretary, Board of Trade, Trail, B.C.

May I say that I am definitely of the opinion that absence without cause from war work should be made a punishable offense. All the men and women who are in the armed services are subject to punishment for being absent from duty without cause and similar regulations should be applied to war workers.

Curtailment in war production caused by unnecessary absences would probably result in casualties amongst those who are in the battle line. There seems to be a tendency in the case of certain war workers towards unthinking absences and also a lack of realization of their obligations. Any steps taken to prevent loss of time in war production will tend to hasten the end of the present conflict.

* * *

A. E. Jukes

President, A. E. Jukes & Co., investment securities, Vancouver, and prominent in British Columbia financial circles.

Absence without cause from war work must be considered detrimental to Canada's war effort. My opinion is war workers be made to co-operate in their job of production in the same way that the personnel of the armed services are forced to carry out their tasks. For workers engaged solely in war work, changing the income tax act whereby taxation and compulsory savings deductions would be based on the daily wage scale, might possibly get the desired results. An educational campaign should be carried out by individual employers showing that a large proportion of the payroll deduction is returnable after the war.

* * *

Jos. Macdonald

Newspaperman, Glace Bay, N.S.

Whether workers in war industry should be punished for absence without cause is a delicate question. Sentiment in this mining district is decidedly against it. It seems reasonable, however, that men on essential war work should be disciplined and under the same severe control as are men in the armed forces. Desertion from sea-going ships in peacetime is a punishable offense. Men engaged in industry vital to the war effort might be put in much the same category, with the result, that acts tending to hamper operations, if shown to be without justification, would call for disciplinary measures.

* * *

A. R. Mosher

President, Canadian Congress of Labor, Ottawa.

Making absence from work without cause a punishable offense could be justified only where proper relationships exist between an employer and his employees and where appropriate penalties are imposed on the employer for failure to utilize human and material resources under his control for maximum production. Labor tribunals would be necessary to determine whether or not there was cause for absence from work.

* * *

H. M. Pasmore

President, Fairchild Aircraft Ltd., Montreal.

It is my opinion that employees engaged in essential war work should be penalized when absent from their work without permission. The unauthorized absenteeism of the indifferent few may very seriously affect the output of the majority who are conscientious workers.

* * *

Lieut.-Col. W. E. Phillips

President, Research Enterprises Ltd., Leaside, Ont.

Absenteeism appears to be a problem that responds to proper treatment. Unduly long hours of work are undoubtedly the main contributing factor.

To make absenteeism a punishable offense before we have made use of the full practical benefit of national service as a whole seems to me to be putting the cart before the horse.

The vast majority of employees are as keen to work as anyone else in any country. They have shopping and transportation difficulties.

Indiscriminate transfer from one war job to another is in my opinion a more important problem than even absenteeism. Let us fix these things first.

* * *

B. A. Trestrail

Director of Co-ordination, John Inglis Co., Toronto.

While wilful absence from war work is a serious defection, we believe that not only would legal penalties be inadvisable in Canada but ineffective. Results obtained in our current lost time campaign convinces us that the vast majority of employees are anxious to fulfill their duties and also prepared to co-operate in combating this menace. I believe penalties for habitual absentees might be effective if instituted at the place of work but not if requiring court procedure. Improved relations with employees seems the most satisfactory solution.

* * *

Adrien Villeneuve

Representative, International Association of Machinists, Montreal.

The international trade union movement shares the concern of management over the seriousness of absenteeism in war plants. We feel, however, that to attack this question by making absenteeism without cause a punishable offense is like treating pimples from the surface instead of getting medical diagnosis of their underlying cause.

Behind the prevalence of absenteeism there will always be found the more basic trouble which can be called lack of morale or of sufficient war consciousness. We feel this basic shortcoming can be dealt with in a positive way by the extension of labor-management co-operation which cuts down waste of time and effort as in Britain, thereby stimulating the feeling among workers that all resources are mobilized to the full. In such cases it is our experience that the workers do pitch in.

* * *

J. C. Wilson

Vice-president, Thompson Products Ltd., St. Catharines.

In my opinion absence without cause from a war plant should not be a punishable offense as in England. That is the way they do it in the dictator countries. Canadian men and women war workers are reasonable, intelligent, co-operative, and will respond to a well-convened plan to combat absenteeism. There is enough regimentation in this country without resorting to what smacks of slave driving. Anyway the suspension clause in the National Selective Service law should take care of habitual offenders.

* * *

O. F. Young

Editor, News-Chronicle, Port Arthur, Ont.

Until Canada has gone as far as Britain in respect to conscription for military purposes it would probably be found impracticable to go the limit with labor in making absenteeism a punishable offense. In the meantime, and also much as in the case of military service, all other available means must be used to alleviate an obvious handicap on war industry.

* * *

A. T. Whitaker

Editor, Expositor, Brantford, Ont.

The victory of Montgomery's forces in Egypt brings home a realization of the terrific amount of equipment needed to wage a war on a modern scale. The announcement that the government has taken over the plant of the National Steel Car Company at Malton is indicative that it is necessary that the fullest possible effort should be made to keep ever mounting the output of equipment and munitions. Labor, properly approached, will respond to the need of the hour, but where it does not, the government would be just as much justified in making absence without good reason from war work punishable as seizure of the National Steel Car. "Nothing matters now but Victory" does not apply only to the Victory Loan. It must mean also all relationships of the individual to the state.

MILLING DIRECTOR

Col. K. R. Marshall, who was elected to the board of directors of Western Canada Flour Mills Co. at the annual meeting held Nov. 2. Col. Marshall is chairman of the board of Standard Fuel Co., vice-president of Chartered Trust & Executor Co., a director of Canada Steamship Lines Ltd., Canadian Western Lumber Co., Canadian & Foreign Securities Co., Federal Insurance Co. of Canada, and several other companies.

Life Companies Invest $150 Millions in Loan

Including $150 millions subscribed to the third Victory loan, such investments of the life insurance companies operating in Canada now total more than $450 millions, according to John G. Parker president of the Canadian Life Insurance Officers Association.

This means that on the average each of the four million policyholders in Canada has premium savings of $112 invested in these loans in addition to individual investments each may have made.

Investments of the life companies in the two Victory loans this year total over $290 millions, Mr. Parker stated. This sum exceeds by over 16% the total amount of premiums policyholders will pay into the companies during the year, which will probably be around $250 millions. Mr. Parker said that the hundreds of millions of life insurance dollars saved out of individual incomes, through the exercise of personal thrift and economy, help to create a vital national backlog against inflation. These millions also constitute a reservoir of financial protection not only against the emergencies of the present, but against the economic readjustments which must be when peace comes.

In addition, he stated, life insurance salesmen in the Victory loan drives have canvassed Canada from coast to coast. He recalled that in the loan just closed as in the two previous ones, the life companies made their entire sales force available to the government and these underwriters in a large way were instrumental to a large extent in assuring the success of the campaigns.

Walkerville Brewery Ltd. has declared a dividend of five cents a share, payable, subject to approval of the Foreign Exchange Control Board, on Dec. 3, 1942, to shareholders of record Nov. 19. Last previous dividend was for a similar amount on Dec. 8, 1941.

New Industries Use B. C. Scrap

From Our Own Correspondent

VANCOUVER. — Of the 5,000 tons of scrap steel accumulated in British Columbia every month, about 4,000 tons goes east to Algoma and other steel mills, but effective use is being made of the metal that stays on the coast.

One Vancouver plant, for instance, absorbs 700 tons of this scrap and among its products are stern frames for the cargo ships now being built for Wartime Merchant Shipping Ltd. The company has won such a reputation for workmanship and speedy construction that it is also shipping stern frames to eastern shipyards and even to the fast-working shipyards of Henry J. Kaiser down the coast.

Another new Vancouver industry is now making anchor chains—the first plant in Canada to handle this type of business.

Manufacturers would like to see a greater proportion of the scrap utilized on the coast rather than shipped thousands of miles on railroads already congested.

Exports Shape Milling Trend

Maple Leaf Head Sees Heavy Demand in Post-war Period

Immediate future of the Canadian milling industry depends upon the demand for flour from abroad, D. C. MacLachlan, president, told shareholders of Maple Leaf Milling Co. at the annual meeting. It is estimated that the United Kingdom produced this year 50% of her food requirements. This, said Mr. MacLachlan, means smaller imports of wheat and flour from Canada.

However, he added, during the post-war period of reconstruction there is bound to be a large demand for foodstuffs in the countries that have been overrun, particularly Russia, where large wheat areas are now in German hands.

Mr. MacLachlan reported that despite the progress Maple Leaf Milling has made since its 1939 reorganization, it will be necessary to improve the company's position still further before dividends can be paid. Restrictions on dividend payments which were agreed to under the plan of reconstruction, provide, among other things, that no dividend shall be paid until the outstanding bonds are reduced to $3 millions.

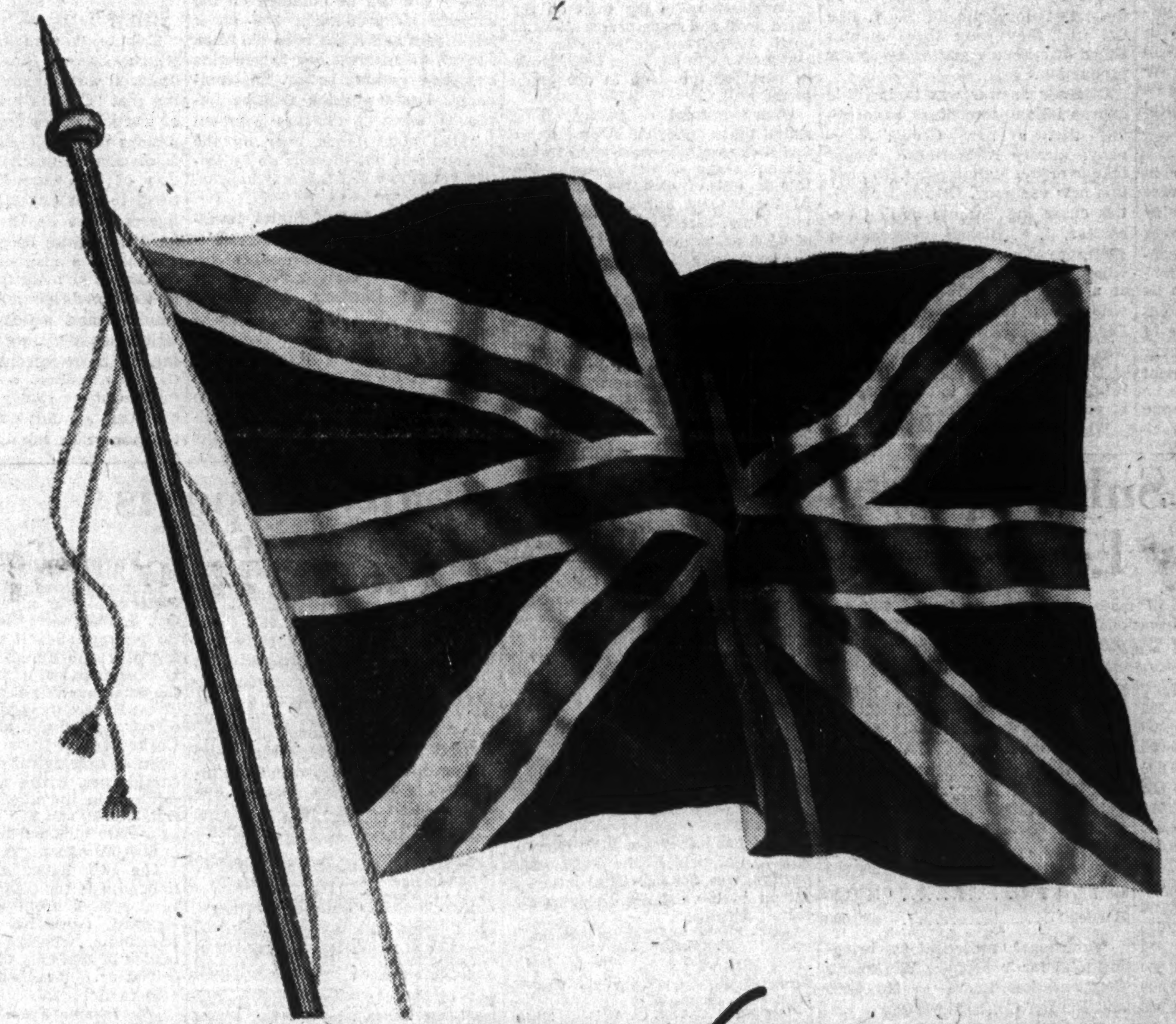
Summarizing the progress of the company since the plan of reconstruction became effective Dec. 1, 1938, Mr. MacLachlan noted that the net amount of bonds outstanding has been reduced by $855,500; repayments have been made on deferred bank loans of $264,796; consolidated working capital has been increased by approximately $1.5 million, or a total improvement in the debt and working capital position of $2.6 millions.

See Highway Aiding West

Figure Much Business to Alaska Will Flow Along Alcan Highway

Considerable economic benefit will be gained by the Prairies through the Alcan highway, notes the Moose Jaw Board of Trade. The Alaska trade with the United States is important. All of this Alaskan trade formerly went through Vancouver and Seattle. Now, it is claimed, half the business will probably go via the Prairies.

On the understanding that the American government finds it necessary for war purposes to connect Alaska with the U.S. by a railway it is felt that such a rail connection would open up large tracts of farm land. On these road and railway systems converging in Edmonton westerners see commerce flowing in increasing quantities to the south and east, and there would be opened up a large area to which tourist and commercial traffic would flow from eastern Canada and the United States through the Prairies.



1792

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Steel Car Case Reviewed

Many Factors Were Beyond Local Control

(Continued from page 1)

one, invested $166,700 in Canadian Associated Aircraft.

Slowness in completing this contract, which was only finished last spring, has been generally attributed first of all to failure of British suppliers to carry out their share of the contract to provide parts. Then there was claimed to be lack of effective management on the part of Canadian Associated Aircraft. Whatever the reason, this programme lagged and some of the blame was shared by the participating companies.

Hurricanes and Ansons

National Steel Car has held other aircraft construction contracts — both for whole airframes and for parts. It has, for example, built wings for the Hurricane fighters being turned out in large numbers by Canadian Car & Foundry Co. at its Fort William plant.

It has played an active part in building Avro-Anson twin-engine trainers for the British Commonwealth Air Training Plan and has turned out an unknown number of these planes. This operation has been headed by Federal Aircraft, a Crown company, and has also been widely criticized in the past. National Steel Car was equipped to assemble up to 20 Ansons a week, as well as making various parts. It is claimed that flow of parts from Federal Aircraft was such that rarely if ever, could this production level be reached.

Martin B-28 Bombers

The company's first spectacularly large contract was reported in April, 1941, and confirmed in July that same year. This contract required the company to make the famous Martin B-26 twin-engined bomber, then reported to be the fastest twin-engined airplane in the world. This contract was obtained and work started on a plant enlargement and re-tooling programme. Work proceeded until the contract was cancelled in Nov., 1941, and the company's latest contract to build Britain's famous Lancaster announced.

This Martin contract had a most unhappy ending but one that was hardly due to any fault of National Steel Car, which was about 20% tooled for the job after more than six months of effort. The Martin B-26 was designed by the Glenn L. Martin Co. in the United States and was accepted by the United States army authorities directly from the drawing boards. No prototype model was constructed and given test flights to discover if it would do what the designing engineers said it would.

In this case, such action proved a mistake—aided, it is said by design changes demanded by U. S. army authorities. The result was that the plane had to be substantially re-designed after the first one came off the assembly lines and was found unsatisfactory. Although this re-designing was done successfully and the Martin B-26 is in action on the war fronts, National Steel Car's hopes again were disappointed.

Enter The Lancaster

This time it was decided that, as part of Canada's amended programme to produce a limited number of models of service aircraft, the newly tested British Lancaster — a huge four-motored bomber—should be made in Canada. Original plans, it is said, contemplated that Lancasters should be made in Canada by Canadian Car & Foundry and National Steel Car. But Canadian Car was given further orders for Hurricanes and drafted to make the new Curtis dive-bomber and National Steel Car was left to carry on the Lancaster programme alone.

Throughout all this period of about four years, there had been recurrent rumors that all was not well with National Steel Car's airplane building programme. There were rumors of undue delays, of difficulty with employees and of failure to develop an efficient organization for the job. How much of this had been true may never be told but admittedly the big, new, multi-million dollar plant, at Malton, near Toronto, stood partially, or wholly, idle much of the time. These rumors were probably accelerated by the company's difficulties at its shell-making plant in Hamilton where labor troubles resulted in the Government placing its own representative in full control for a considerable period.

More Delay

At any rate there was delay in producing the airplanes which were so badly needed. Some of the delay was clearly due to causes over which the company had no control, such as difficulty securing machines, but it can probably also be accepted that some of its troubles were of its own making. Some of it was due to high labor turnover attributed in part to inconvenient location of the plant.

When the Lancaster programme was finally settled and given to National Steel Car exclusively, the company secured David Boyd to manage its Malton plant. David Boyd is an engineer who had made an excellent record with his former employers. He had been placed in charge of Canadian Car & Foundry's airplane building programme at Fort William, a plant which has a production record recognized as one of the best in Canada.

When the Lancaster programme was first discussed, Canadian Car arranged for David Boyd to spend some time with the Avro firm in England, builders and designers of the Lancaster. When this programme was taken over by National Steel Car and Canadian Car dropped out, David Boyd was secured by the late R. J. Magor, then president of National Steel Car, to manage its Malton plant. He arrived at Malton in Jan., 1942, and is reliably reported to have won the confidence of those with whom he worked.

But David Boyd, a man who could win the confidence of his staff but who would permit no interference with a job for which he was responsible, allegedly found that interference from Hamilton and Montreal executive offices of National Steel Car, in his opinion, unduly hampered his work. He resigned and his resignation was accepted by National Steel Car.

Crown Company Formed

This was the signal for spokesmen for the labor union at Malton to take their grievances to Ottawa authorities. The union statement spoke of the "absentee directorate in Hamilton and Montreal" as being "the root of its failure."

National Steel Car officials tell The Post that only a week before the latest development, A. V. Roe Co. said they were three months ahead of schedule getting ready for production.

Ottawa's answer was to institute expropriation proceedings, announcing that a new Crown company, Victory Aircraft Ltd., would take over the Malton plant. To head this new company, Ottawa authorities chose the Toronto mining executive, J. P. Bickell, president of McIntyre-Porcupine Mines Ltd., who had started his business career as a stock broker in Toronto, and who had a brief experience with Lord Beaverbrook when the latter was in charge of aircraft production in Britain in 1940. David Boyd was retained to continue in direct charge of production for Victory Aircraft.

What the next chapter will be is not yet settled. It will probably be some months yet before Lancasters start to roll off the assembly lines, a delay perhaps not to be wondered at considering the size and complexity of the job undertaken. It is admittedly a tremendous job to start production of an airplane of the size of the Lancaster in Canada's infant aircraft industry.

For National Steel Car's shareholders, the result also is hardly clear. No information has ever been issued as to whether or not the aircraft division was making money. The Government plans to take the plant over through expropriation proceedings—in other words to let the courts decide on the price to be paid. This too is likely to take months to complete and there is no indication as yet as to when a ruling can be expected. Action of the company's stock on the exchanges, however, does not suggest too much fear on the part of shareholders. From a price of about $32.50 a share immediately prior to the announcement of the government's action, a decline of only about $2 a share has been noted with half of this already recovered.

Francoeur Mills Lower Grade Ore

From Our Own Correspondent

ROUYN.—Operating profits of Francoeur Gold Mines only totalled $68,025 for the first eight months of this year but this does not reflect any deterioration in the mine position, it is reported. It results from treatment of a grade of ore below the average for the mine—ore grading 0.17 oz. gold per ton as against an average of 0.248 oz. for the mine.

Development to the west on the third level and stope preparations of north or No. 8 ore bodies on the second level north has been responsible in part for the drop in ore grade to the mill.

Under normal conditions, it is stated that expansion in production facilities would be warranted by the present stage of development but this is out of question just now. At the present milling rate of 200 tons daily, reserves of 333,625 tons of 0.238 oz. grade are sufficient for approximately five years' milling requirements.

Working capital will amount to more than $200,000 at the end of this year, it is reported. The company has built up a backlog of 60,000 tons of broken ore which is sufficient for eight months' milling requirements. These have been built up in the No. 8 ore bodies above the 2nd level.

The Shareholder

Immediate effect of improved war news has been to move stock prices to new peaks for the current recovery. London has again led the way with industrial share averages in that city higher than at any time since Jan., 1938, and within a point or two of double the levels reached at the lows of June, 1940.

In this country and the United States there has not been the same percentage of gains although prices are generally stronger than in weeks. Trading on the Toronto Stock Exchange on Nov. 9 saw about 20 stocks hit new highs for the year among the industrials alone. No particular discernible pattern can be found in the individual stocks attaining higher levels. They include foods, oils, steel companies, rubber companies and chemicals.

• • •

In New York word of the U. S. expedition against France's African colonies and the ready success apparently being achieved was the signal for sharp gains. In that market increasing attention appears to be focusing on post-war stocks. The argument seems to be that the successes now apparent in Africa mean a measurably shorter war than had been thought possible only a few weeks ago. Investors begin to talk of the possibility of a let-down in industrial effort as though it were something that could appear before long.

• • •

National Steel Car shareholders do not appear unduly disturbed by news that the Government was expropriating this company's aircraft plant at Malton, Ont. In any case the company will be reimbursed for its expenditures on this plant, which have probably reached the multi-million dollar scale. Whether or not the aircraft division has yet been a source of profits to the company may be questioned although no official word can be obtained on the subject. Its production has never been large and it has been too often subject to interruptions to generate any great earning power. The company's liquid position will be improved when it receives payment for the plant taken over by the Government but there is no indication yet as to when this may happen.

• • •

Attitude of United States investors toward Canadian securities has undergone more than one change since the war started but in the opinion of Barron's, New York financial weekly, "the broad background against which Canadian securities, including those payable in United States dollars, must be appraised appears quite favorable when viewed on a strictly comparative basis."

In a leading article by F. J. McDiarmid in its Nov. 9 issue Barron's summarizes its conclusion regarding Canadian securities for an American investor as follows:

1. Worst phases of Canada's exchange problem with the U. S. are past.

2. End of the war will find Canada's net burden of interest payable in the United States little, if any, above the pre-war level which was handled with relative ease.

3. Canada's net indebtedness to to all other countries will likely be a thing of the past.

4. Decreased dependence of Canada on other countries will result from industrial expansion. Large post-war demands for many of Canada's products should exist, with a possible lessened exchange value for gold more than offset by increased supply of other metals such as aluminum.

5. The hope is expressed that close wartime collaboration between Canada and the United States will continue and that a return to the "economic law of the jungle" as represented by "Hawley-Smootism' can be avoided."

Tribute is paid to the way in which Canada has handled her financial wartime problems, suggesting that "Canada has set standards of wartime policy from which other nations may well take lessons. She is covering a much higher proportion of her expenditures through taxes than is any other major belligerent. She has faced up to the hard necessities of price and wage control in a manner which Great Britain, after more than three years of total war, has not been able to emulate, and which we are hesitatingly just getting around to doing. For these reasons among others, Canada's national debt promises to increase more slowly than ours and her currency unit will likely maintain its value relatively well."

To the Port of London came — and will come again — the ships of all the world, bringing the finest products of every climate. It was natural, therefore, that London should develop the world's best smoking mixtures — nutty, full-flavoured, slow-burning. Piccadilly made in Canada follows this splendid tradition.

Piccadilly
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MILD

U. S. Paperboard Output Records Seasonal Gain

From Our Own Correspondent

MONTREAL. — Production of paperboard in the United States during September amounted to 433,742 tons, a slight increase over the August returns, according to the U. S. Department of Commerce. September production was at the rate of 73.9% of rated capacity of the 110 concerns reporting.

In September last year production totalled 542,792 tons and the operating ratio 95%.

WAR-TIME TRAVEL TIP NO. 1

Save Time ... buy TICKETS in advance

Avoid frayed nerves and help relieve wartime pressure on the railways by making reservations early and purchasing tickets well in advance of train time.

CANADIAN PACIFIC - CANADIAN NATIONAL

Inter. Paper Profits Drop

Net Income in Third Quarter 15c. a Share; $1.75 a Year Ago

From Our Own Correspondent

MONTREAL.—Net profit of International Paper Co. and subsidiaries for the September quarter amounted to $1,427,045 compared with $4,321,890 in the corresponding 1941 period.

For first nine months this year net profit was $7,244,071 compared with $11,512,519 in the corresponding 1941 period. All earnings included post-war credits under the present Canadian and U. S. laws amounting to $212,948 for the September quarter and $1,781,813 for the nine-month period this year.

Earnings for the September quarter were equivalent to 15 cents a share on the common stock, compared with $1.73 a share a year earlier, and for the nine-month period $2.07 against $4.41.

Gross Sales Down

Gross sales in the September quarter amounted to $44,821,198 against $57,921,237 last year and for the nine-month period $160,051,443 against $151,758,328.

Tax provisions for the September quarter totalled $2,931,523 against $7,263,437 a year ago, and for the nine-month period $22,102,445 against $15,909,372.

"Curtailment of paper mill operations already ordered by the War Production Board and the statement that further curtailment would have to be made in the near future have made it necessary to reconsider the question of obsolescence at certain of the older paper mills," the report said, "Under the circumstances, it has been decided to reinstate, retroactive to Jan. 1, 1942, provision for special obsolescence reserve at the rate of $200,000 a month."

Market Opinions

Response to better war news has awakened further speculative interest and turned more attention toward postwar position of investments.

Barron's, N.Y. (The Trader)—Both the government, through the postwar tax refund, and business itself, through heavy reserves, are thoroughly cushioning the possible shock of an adjustment to peacetime. The now better protected stock returns which warrant a constructive stock investment attitude are virtually a clarion call to speculation in the light of the contrast between a 25% tax on capital gains and the current individual income tax rates. . . . Speculative stirrings these may be, which, after an advance of over six months, may signal a temporary climax, but the long-term risks involved in the preference for cash over equities appear as marked as ever.

Business Week, N.Y.—Market as a whole has pretty well demonstrated that war is a big variable in price equations. Traders had been obviously worried over somber news from Guadalcanal. When reports brightened, the market took on a much happier look. Most traders considered the political situation a side show.

Journal of Commerce, N.Y.—Security markets will inevitably reflect the likelihood of an early end to the war, as investors and traders attempt to appraise and discount its effect upon particular industries and companies. Strength displayed in recent months by stocks of many companies that would benefit from the return of peace indicates that this influence has already begun to make itself felt.

Imperial Oil and International Petroleum are continuing payment of regular semi-annual dividends. The former is paying 25 cents a share on Dec. 1, 1942, on presentation of coupon No. 58; the latter is paying 50 cents a share on the same date; both payments are in Canadian funds.

More Big Subscriptions For Victory Loan

Following is a fourth list of major subscriptions to the Third Victory Loan as announced by national headquarters. The Financial Post is listing subscriptions of $500,000 or more as they are released by the National War Finance Committee.

Travelers Ins.	5,000,000
Abitibi Pwr.	3,000,000
Gen. Motors	2,500,000
C.P.R. Pension Fd.	2,500,000
Crown Life	2,250,000
Dom. Bridge	1,500,000
Tor. Gen. Trusts	1,250,000
Falconbridge Nickel	1,000,000
Wright-Hargreaves	1,000,000
Dom. Engineering	1,000,000
Mtl. C&D. Bank	1,000,000
Hollinger Cons.	1,000,000
McKinnon Ind.	1,000,000
Vanc. Work. Comp.*	1,000,000
Nat. Steel Car	1,000,000
Waterloo Trust	800,000
Great Lakes Paper	800,000
Brompton group	725,000
Royal Liverpool group	626,000
Spruce Falls Pwr.	625,000
Can. Wire.	550,000
Can. Niag. Power	500,000
Can. Canners	500,000
Cont. Ins. group	500,000
Dufferin Pav. & subs.	500,000
Ont. Loan	500,000
Dom. Stores	500,000
Bathurst Pwr.	500,000
Borden*	400,000

*Additional subscriptions bringing total for Vancouver Workmen's Compensation Board to $2,500,000 and Borden Co. to $1,000,000.

Grocery Sales Move Higher

September Volume Shows Better in Both Retail, Wholesale Field

Dollar volume of sales of 72 larger grocery wholesale establishments in September were 5% higher than a year ago, and were 8% better than August sales, according to the Dominion Bureau of Statistics. Sales for the first nine months were 10% better than the same period of 1941.

Inventories held by grocery wholesalers were valued 14% lower at the end of September than on the corresponding date of 1941 but were 5% higher than the Aug. 31, 1942, figure.

Chain Sales Up

Sales of 989 chain store units operated by 25 chain companies in the food retailing field averaged 3% higher in September than sales of 1,037 units in Sept., 1941. Total sales were $12.8 millions or $12,955 per store as compared with $12.4 millions or $11,977 per store in September a year ago.

Sales of 956 independent grocery or grocery and meat stores averaged 14% higher in September over a year ago.

Quebec Power Net Lower

Higher Reserves and Expenses Put Returns Below Those of 1941

From Our Own Correspondent

MONTREAL. — Quebec Power Co.'s earnings recorded a further rise in the third quarter of 1942, but the rise in depreciation reserve, operating and other expenses, reduced net earnings for the three months to $250,017. This was before income and excess profits taxes and contrasted with $374,678 for the like period of 1941.

Results for the first nine months of 1942 show gross income of $4.4 millions, as against just under $3.9 millions for the same period last year. After provision for higher expenses and depreciation reserve, net profits, before taxes, totalled $348,657, compared with $921,228 in 1941.

Revenue and Expense Account Three Months Ended Sept. 30

	1942 $	1941 $
Gross income	1,527,508	1,385,037
Less: Oper. exp., etc.	1,004,571	811,164
Fixed charges	122,920	124,195
Depreciation	150,000	75,000
Net profit*	250,017	374,678

*Subject to income and excess profits taxes.

Nine Months Ended Sept. 30

	1942 $	1941 $
Gross income	4,436,209	3,890,894
Less: Oper. exp., etc.	2,768,792	2,312,858
Fixed charges	368,760	372,585
Depreciation	450,000	284,223
Net profit*	848,657	921,228

*Subject to income and excess profits taxes.

Laura Secord Candy Shops may benefit from the Mediterranean war situation by obtaining more cocoa from West Africa and South America, John D. Hayes, president, told the annual meeting. Stores have been recently operating on restricted hours. They could have been kept open longer but only at a quality sacrifice. Restrictions on ingredients of the company's product have limited sales increases. While the future is obscure, Mr. Hayes expressed the view that the government would not introduce restrictions to force retailers to close. C. H. Ellston, secretary-treasurer, has been absent owing to ill health. L. J. Malone has been appointed acting secretary-treasurer.

Company Reports

Hayes Steel

Hayes Steel Products Ltd., Merritton, Ont., met with improved results during the year ended July 31 with net profit gaining to $4.31 a share from $3.51 in the previous year. Charles A. Dana, president, states that practically all the company output is associated with the war effort, but where possible it has taken care of a few old customers supplying civilian needs. Large additions to Hayes munitions capacity have been made in conjunction with the Dominion Government.

Total tax bill was a little over $1 million, of which the refundable portion was $19,850. This latter is set up in the balance sheet as deferred surplus.

Cons. Income and Surplus Account Years Ended July 31

	1942 $	1941 $
Operating profit	2,134,974	1,854,422
Less: Exec. remun. & legal fees	78,147	101,194
Directors' fees	750	1,188
Depreciation	658,719	444,351
Income & E. P. tax.	1,009,330	992,000
Net profit	388,027	315,689
Add: Prev. surplus	643,887	338,880
Tax adj.	......	41,428
Less: Depr. adj.	......	52,110
Earned surplus forw'd.	1,031,914	643,887
Earned per share:		
Common	$4.31	$3.51
Paid	nil	nil

Working Capital

	$	$
Current assets	3,253,477	2,466,133
Current liabilities	2,173,055	1,743,900
Working capital	1,080,422	722,233

Balance Sheet Changes

	$	$
Cash	17,032	281,603
Accts. receivable	1,306,567	928,813
Inventories	1,829,878	1,106,217
Fixed assets	2,821,493	2,151,478
Less: Depreciation	2,174,299	1,521,467

Distillers-Seagrams

Distillers Corp.-Seagrams Ltd. sales in the year ended July 31, 1942, reached the record figure of $207 millions, against $133 millions the year before. Other returns were on an equally impressive scale. Cost of goods sold increased 52% to $152 millions; tax provision from $4 millions to over $15 millions; general expenses from $19 millions to $26.6 millions.

Net profits did not increase in proportion to sales but show a healthy gain at $10.9 millions. Earnings on the preferred totalled $66.24 a share and on the common $5.75, compared with $51.34 and $4.17, respectively, the year before.

The balance sheet shows a number of changes, the most interesting being the writing down of trademarks, goodwill, etc., from over $11.7 millions to $1. Inventories increased, while notes payable and special loans were reduced. Working capital increased by over $5 millions net.

Income and Surplus Account (All figures in U. S. currency) Years Ended July 31

	1942 $	1941 $
Sales	207,892,397	133,850,357
Less: Cost of goods	152,581,937	100,168,529
Operating profit	55,310,460	33,681,828
Add: Other income	309,326	243,057
Total earnings	55,619,786	3,924,885
Less: Exec. remun.	476,302	471,684
Directors' fees	21,000	21,000
Legal fees	286,664	311,405
Interest	495,192	445,995
Depreciation	217,469	185,150
Contingencies	1,000,000	1,000,000
Inc. & E. P. taxes	15,656,485	4,043,315
General expense	26,635,470	10,100,158
Contract amort.	72,288	42,168
Capital loss	67,103	136,644
Loss on invest.	676	1019
Exchange	63,737	56,335
Net profit	10,897,439	8,110,012
Less: Pref. divds.	819,538	798,587
Common divds.	3,506,776	3,505,371
Surplus for year	6,571,125	3,806,054
Add: Prev. surplus	37,145,450	33,527,132
Less: Pfd. retirement	489,985	187,736
W/o goodwill, etc.	11,689,936	......
Earned surplus for'd.	31,536,654	37,145,450
Earned per share:		
Preferred	$66.24	$51.34
Paid	5.00	5.00
Common	5.75	4.17
Paid (Can.)	2.22	2.22

Working Capital

	$	$
Current assets	92,596365	80,403,111
Current liabs.	3,621,725	26,803,843
Working capital	58,974,640	53,599,268

Balance Cheet Changes

Cash	6,135,703	3,930,552
Special loans	7,250,000	8,016,785
Accts. reveivable	26,640,089	25,817,305
Inventories	59,409,787	50,116,291
Notes payable	7,750,000	15,500,000
Taxes payable	20,858,037	6,620,225
Fixed assets, net	18,109,490	16,529,512
Trademarks, etc.	1	11,726,264

Significant Investors' Index Numbers

No. of Securities	Mach and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power tnd traction 15	Banks 8	Total utilities 19	Total co's. 95
(Base 1935-39=100)												
*1935 to date:												
High	134.5	234.4	149.7	123.7	135.7	118.3	128.3	153.4	146.8	118.2	145.0	134.1
Low	69.7	51.6	61.2	41.2	78.4	73.5	79.3	68.7	60.2	69.0	65.2	61.1
1942: Monthly Figures:												
Jan.	74.3	71.9	74.5	45.9	112.8	88.7	99.2	75.1	64.4	91.1	70.4	66.8
Feb.	73.4	69.3	69.7	43.6	108.7	85.5	96.3	73.9	62.1	91.1	67.7	64.7
Mar.	69.7	66.1	70.9	41.2	104.3	75.8	92.8	74.0	62.0	89.4	67.5	62.3
Apr.	70.6	63.2	69.6	41.4	102.4	74.2	93.1	73.9	60.2	88.4	66.3	61.1
May	74.7	61.1	70.5	43.2	104.3	73.5	94.2	75.7	60.7	87.4	66.4	62.0
June	76.2	61.1	69.6	44.5	106.6	73.9	93.6	76.8	64.3	87.7	68.1	62.8
July	76.6	58.9	65.3	46.6	100.4	75.9	95.5	75.3	65.2	81.7	67.8	62.4
Aug.	76.0	56.0	61.2	47.5	97.7	75.3	98.3	73.1	66.9	71.9	67.8	61.6
Sept.	77.9	55.9	62.0	49.0	99.8	74.2	98.7	71.2	67.1	69.0	69.2	62.6
1942: Weekly Figures:												
Oct. 1	79.3	57.7	65.1	48.7	99.6	75.3	101.6	71.4	67.1	69.6	71.4	63.6
Oct. 8	81.2	58.5	63.5	51.5	100.7	74.0	99.2	71.1	68.0	70.0	71.9	65.3
Oct. 15	80.1	58.7	65.4	50.7	99.0	73.9	101.6	71.3	69.2	70.4	72.5	65.4
Oct. 22	79.7	56.8	65.1	50.6	99.2	74.6	96 8	70.6	67.3	70.4	71.4	64.6
Oct. 29	80.0	57.0	65.6	51.1	99.3	73.5	98.0	70.1	67.0	70.2	72.1	64.8
Nov. 5	81.5	57.2	66.0	52.2	99.4	73.8	101.7	71.5	68.2	71.1	75.1	66.2

*High and low for years from 1935 to date inclusive are based on weekly figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Nov. 10	92.72	61.44	62.96	16.26
Nov. 9	92.16	62.17	63.21	16.25
Nov. 7	91.10	58.39	62.69	16.18
Nov. 6	90.32	57.50	62.22	16.18
Nov. 5	90.03	55.78	61.84	16.27
Nov. 4	89.96	53.33	61.59	16.25
Month ago	88.42	51.65	61.49	15.57
Year ago	94.60	88.98	69.30	18.67
High 1942	93.50	83.71	71.01	18.86
Low 1942	79.85	50.16	58.74	15.44

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Nov. 10	45.6	58.4	54.1	58.34	40.67
Nov. 9	45.5	57.9	52.8	56.13	40.55
Nov. 7	45.0	56.8	52.8	52.96	37.86
Nov. 6	43.9	56.1	52.0	52.99	37.46
Nov. 5	43.9	56.0	52.0	52.44	35.24
Nov. 4	43.7	55.8	51.8	52.37	34.92
Month ago	44.4	55.8	52.0	57.03	33.47
Year ago	44.4	61.0	55.5	80.14	60.27
High 1942	45.6	60.5	54.7	77.76	54.82
Low 1942	39.6	53.5	49.8	47.98	33.47

Paramount Pictures

Estimated earnings of Paramount Pictures for the nine months ended Oct. 3, 1942, were $9.3 millions, after interest and all charges including provision for all Federal taxes, as compared with $7.5 millions in the corresponding period a year ago. These figures include the company's direct and indirect net interest as a stockholder in the combined undistributed earnings of partially owned subsidiaries, which amounted to $2 millions in the nine months ended Oct. 3, 1942, and $1.3 millions a year ago. Also included in 1942 earnings is $160,000 of non-recurring income.

The 1941 figure included operations of, and the company's share in, film rentals from subsidiaries in England, Australia, New Zealand and India, whereas these are included in 1942 only to the extent received or determined to be receivable in dollars.

Income From Britain

Due to the unfreezing of sterling balances to Oct. 24, 1942, the company will shortly receive from its English distributing subsidiary, substantial dollar funds, representing principally amounts due for share of film rentals. Such revenues, after federal taxes, will be reflected in the company's fourth quarter earning statement. Estimated Federal tax provision in the first nine months of 1942 will be adjusted in the final quarter to conform to rates provided in the Revenue Act of 1942.

A sum of $5.7 millions, representing the balance of $6 millions bank borrowings in Jan., 1942, were exchanged in Oct., 1942, for an equal amount of 4% debentures due 1956.

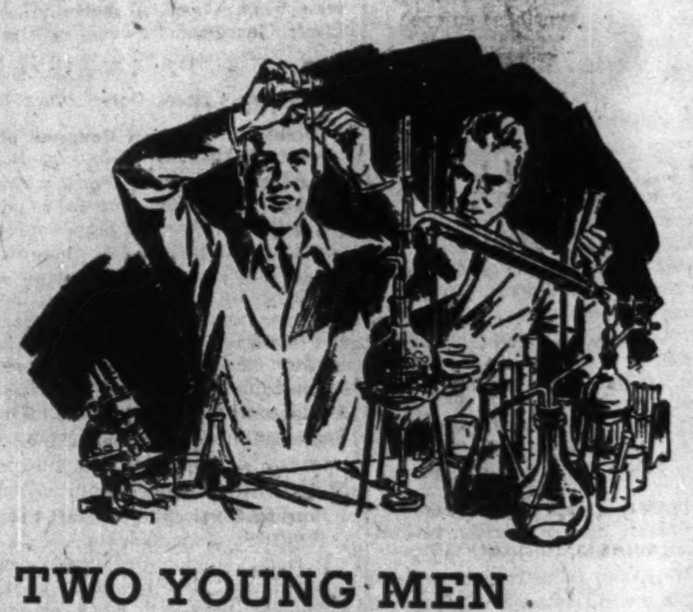
Earnings and Dividends

There were outstanding on Oct. 3, 1942, 126,032 shares of first preferred stock and 2,901,650 shares of common. After deducting $567,174 dividends accrued for the nine months on the first preferred, the remaining $8,710,826 represented $3 per share on the common stock, compared with $2.60 per share in the first nine monhts of 1941.

The company has declared a quarterly dividend of 30 cents a share on the common stock, payable Dec. 29, 1942, to shareholders of record Dec. 19. This is an increase from the rate of 25 cents a share which has been paid each quarter since Oct. 1, 1941. The regular dividend of $1.50 per share on the first preferred stock is payable Dec. 29, 1942, to holders of record Dec. 21, 1942.

Halifax Faces Tram Problem

MONTREAL. — Nova Scotia Light & Power Co. may have a serious problem on its hands this winter in providing sufficient tramway facilities to take care of Halifax's greatly expanded needs. During August traffic showed an increase of 47% over the same month last year. Every piece of equipment is now in use during the rush hours and with no more trams available, difficulties are foreseen in handling the winter traffic. The situation has been further complicated by a drop from 200 to 125 in the number of taxis operating owing to the lack of tires.



TWO YOUNG MEN

with faith in themselves

BEFORE the war, two young graduates in chemistry faced the future with no assets but technical training and unbounded faith in themselves. They planned to capitalize on their years in college by manufacturing a certain chemical product. "But we'll need some money to get started," they said. "Let's put it up to the bank."

Their banker decided that their faith was well founded in character, ability, energy. "We'll finance you to start in a small way," he said. "Make a test on the local market first."

Presently the product was being sold all over Canada and exported to the United States and overseas. Now it fills a wartime demand. The enterprise employs a large number of people.

This actual example illustrates how this country's Chartered Banks help credit-worthy people to benefit themselves, their fellows and their country under the democratic system of free enterprise.

Banks, like any other business, exist because they provide service which a community needs and is willing to pay for at a rate which will yield a reasonable profit. Chartered Bank profits average less than one-half of one per cent a year on total assets. Few, if any, other businesses operate on as small a margin.

THE CHARTERED BANKS OF CANADA

Bank of Montreal : : : The Bank of Nova Scotia : : : The Bank of Toronto
The Provincial Bank of Canada : : : The Canadian Bank of Commerce
The Royal Bank of Canada : : : The Dominion Bank : : : Banque Canadienne Nationale : : : Imperial Bank of Canada : : : Barclays Bank (Canada)

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High on today's list of customers is the Canadian farmer . . . Increased production, steady prices and bigger sales have boosted his spendable cash and purchasing power. Right now he's worth every bit of sales attention you can give him — and, he promises to be an even BETTER customer after the war!

Remember, the largest portion of Canada's rural market is within easy sales reach through ONE publication — the Family Herald and Weekly Star — 300,000 top-income homes every week — over 1,250,000 readers!

Family Herald and Weekly Star
CANADA'S NATIONAL FARM MAGAZINE
MONTREAL CANADA

Consolidated Paper Corp. during October issued in payment of interest 27 shares of capital stock, bringing the number of outstanding shares to 2,561,064.

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LONDON CALLING

WRITTEN EACH WEEK EXCLUSIVELY FOR THE FINANCIAL POST BY *Adelphi*

LONDON.—That was a great sight when Field Marshal Smuts addressed a combined audience of Peers and M.P.'s. It is not very often that the elected and hereditary legislators come together and there were widespread curious glances as though Peers were wondering how such strange creatures became M.P.'s while the M.P.'s seemed to be ruminating on the odd results obtained by the hereditary system which chooses the first male of the litter, no matter what his qualifications.

On the platform the temporary union was also observed. There was Mr. Speaker (Captain Fitzroy) without his wig but in official dress and there was the Lord Chancellor (John Simon) looking suave, slim and elegant in the official costume which he wears on occasion. There was also Winston Churchill in an ordinary blue suit, rotund and rather severe. But the two men who stole the limelight were Smuts and old Lloyd George. There we had the little Welshman, the supreme architect of victory in the last war, and beside him was our enemy and now our great kinsman who was his most valuable colleague in the first world war cabinet.

When Lloyd George rose to speak, the huge assembly actually cheered—not the kind of cheer one would hear in the Toronto Arena at a hockey match—but still pretty good. Mr. Lloyd George looked older and his long hair shone like white silk but his eyes have not lost their twinkle and his mind is still alert. He is always unpredictable and he did not disappoint us this time. Did he respond to the cheers with a dozen glittering phrases? Did he speak as the Elder Statesman who had won success and triumph from a terrible foe? Not at all.

In a mere handful of words he more or less said: "Here is your guest, a great man. Since you want to hear him and since I do as well, I call upon Field Marshal Smuts." They say that it takes a great artist to do well before a small audience. It also takes a great artist to put aside the lure of a huge audience. But that is Lloyd George.

Smuts Carries Conviction

I had never seen Smuts before. Here, indeed, is a man. His fine oval face, accentuated by its pointed beard, looked as if he had just come from campaigning in the broiling sun of the desert. By contrast even Churchill looked almost pale. He has a well knit figure and age has not deposited adipose tissue upon his bones nor ossified his mind. One feels that he has always kept himself in first class condition. His voice, too, is admirable, combining the fluency of the politician with the precision of the soldier.

It was not a startling speech. He did not open up new frontiers in the hinterland of the mind, nor did he conjure necklaces of jewelled words. It was competent, clear, logical, occasionally eloquent, but deeply impressive. When he had finished it was the spirit of the man that had won the victory.

To look on one who has passed his 70th year and to find him firm in his faith and sure of his creed is to gain courage and inspiration about life itself.

Smuts believes that there is evil and that there is good. His mind refuses to dwell in the twilight land of spiritual compromise. He believes that there is a God and that there are forces of darkness. Without a drop of British blood in his veins, and as a man who fought against us, he acknowledges the humanity and the genius of the British Empire and declares that its existence is essential to the survival of civilization.

He is at an age and of a position where he can seek no more honors or advancement. What he says he believes—and what a reproach it was to the puny little minds which see nothing in the British Empire but a capitalist swindle or an imperialistic debauch!

* * *

Incidentally David Low of the "Evening Standard" did a superb cartoon on the Smuts speech the following day. It shows Hitler, Himmler, and Goebbels listening on the radio to Smuts and Hitler saying half wistfully and half admiringly, "How they must have tortured him!"

The pen of the cartoonist is sometimes mightier than the pen of the writer.

* * *

Churchill's Speeches

Just a final comment on the Smuts affair. Winston Churchill was given an uproarious welcome when he rose to thank the Field Marshal. Yet it seemed that he was slightly embarrassed.

If he speaks in simple language there is a tendency for his listeners to feel that he is not trying. If he swells into oratory or coins a perfect phrase there is an equal tendency to say: "There he goes again!" Those superb speeches of the Prime Minister in 1940 have left rather a difficult legacy.

One last word. Some unfortunate Peer or M.P. decided to do honor to Smuts by singing "For he's a jolly good fellow." As usual with fervent spirits the gentlemen started it too high. As a class British Peers are not musical and they chose their own pitch and ignored the others.

What a maudlin tribute to so significant a figure, no matter how well meant! This adulatory anthem should be reserved for birthday parties, the election of a new club chairman, or the retirement of an aged clerk after 50 years of service. It should not be used at historic moments.

Cripps for College

Yes, Sir Stafford Cripps, is in the news again. He is going to have a fight with no less a personage than Lord Louis Mountbatten, who is in charge of Combined Operations. The prize is to be the Lord Rectorship of Aberdeen University, a post of honor which will be held by the winner for three years.

It is a most intriguing affair and difficult to forecast the winner although Cripps would be at slightly shorter odds if there were any betting. The undergraduates will be torn between the desire to honor the man of war and an equal desire to honor the man who represents advanced ideas for after the war.

In the meantime we are forced to note that Churchill and Cripps seem to be drawing closer to each other again. My forecast of a coming divorce does not look quite so shrewd as a fortnight ago, but I still maintain that Cripps is playing with the thought of resignation. The fact that he sat on the front bench the other day wearing his overcoat would indicate that he is feeling the draught.

* * *

A Christian War?

A curious thing happened in the House of Commons when it was adjourning for a week prior to the opening of a new session. In the debate on the adjournment any subject can be raised and Lord Winterton, as an old campaigner in the Middle East during the last war, took the opportunity of reminding the government that the British Empire consists of many more non-Christians than Christians.

With full acknowledgement that he himself was both a Christian and a Church goer, he regretted the tendency of the Government to declare that the United Nations were fighting for Christianity and that this war was a crusade—the latter being particularly objectionable. One or two members supported the lanky Irish Earl and it was left to Richard Law, Under-secretary of the Foreign Office and son of the late Bonar Law, to reply.

It was a wonderful situation for a Junior Minister which Law only partially seized. He has a fine voice and deep sincerity but is nervous and sways on his feet like a tree whose roots have been loosened by a storm. He did, however, proclaim that the Government would not compromise with its deep conviction that the war was for the principles of Christianity and that any hedging from that attitude would merely earn the contempt of those who were with us but who worshipped in their own fashion.

A strange ending to the session, unwise and unhelpful, even if it did reveal the interesting fact that when a soldier in the British Army says that he belongs to no church he is classified as belonging to the Church of England.

The Bondholder

Overwhelming Victory Loan success was apparent after the campaign had been open for less than a week. Yet before the campaign started there was considerable feeling that it would be a tough pull to reach the $750 millions objective. Finance Minister Ilsley expressed that fact when he declared that the Loan achieved a measure of success "which, perhaps, few of us anticipated before the Loan was offered."

* * *

Result of the Loan affords ample proof that despite the heavy taxes of the last Dominion budget there is still plenty of money around. This is particularly true of those families where several new members have gone to work since start of the war. In such cases family income may have doubled or trebled with little or no corresponding increase in overhead. There is no present reason to suspect that this condition will have changed much by the time the next Loan rolls around—next April, according to rumor.

* * *

One of the real triumphs of the Loan is the expectation that final figures will show the general canvass to have yielded more subscribers and probably as much money as in the Second Victory Loan. The general canvass includes the salaried class which generally has had little pay adjustment to meet increased tax schedules. Loan subscriptions here have meant some real sacrifices in a good many instances.

* * *

Preliminary totals place subscriptions from the three-week campaign at $950,248,150, a new record for cash subscriptions for any Canadian financing, being $107 millions heavier than the cash subscriptions for the Second Victory Loan. Subscribers total 1,560,432 and with final returns still to come in officials anticipate that the total of individual subscriptions will be greater than the 1,681,000 of the previous Loan.

Early figures indicate an increase in employee subscriptions by more than 200,000 in number and $30 millions in value. Average payroll subscriptions was $97 compared with $96 in the second Loan. About 84% of all subscriptions were for the long term bonds.

* * *

While the "blitz" campaign has ended there are some valuable lessons learned from previous loans that should be carried through this time. Most prominent in this connection is cashing in bonds for no really good reason—the practice that has been dubbed "welshing." There is some reason to believe that at least some of these so-called welshers were not aware of the significance of their actions. After the high enthusiasm of the blitz has faded some holders are apt to forget how important it is that they continue to retain their bonds. This would seem to indicate that the blitzes should be linked up by a continuing informational campaign designed to make the bonds stick. There will, of course, be a certain amount of very legitimate redistribution.

* * *

Canadian bonds totalling an estimated $1,349.7 millions are held in the United States, according to the U. S. Dept. of Commerce. Of this total Dominion bonds account for $429.4 millions, provincial and municipal $452.7 millions, government guaranteed $254.4 millions and private $213.2 millions.

Newfoundland government bonds held in the U. S. total $3.5 millions.

* * *

South Africa's bond financing experience so far in the war indicates easy money conditions in the Union. The first war loan was floated in October, 1939, at 3½% at a discount on a ten year basis. Now it is having no difficulty in raising money at 3% at par on a 22-year basis. J. H. Hofmeyr, minister of finance, goes on: "But not only have we succeeded in raising, at decreasing interest rates, all the money we needed to borrow to meet defense requirements; not only have we gone on with the policy of using capital funds for the development of our natural resources — for harbor works, for housing, for industrial development and the like—but we have also raised a good deal more besides."

C.P.R. PROMOTION

Henry H. Hough, district claim agent, Canadian Pacific Railway, Toronto, has been appointed assistant general claims adjuster. Mr. Hough joined the company in 1910 and has been Toronto district claim agent since 1937.

Firm Power Use At Record Level

Daily Average in October Highest Ever Reported in Canada

From Our Own Correspondent

MONTREAL.—Firm power consumption in Canada during September totalled 2,667 million kilowatt hours. This was equivalent to a daily average of nearly 89 million kw.h., the highest rate ever attained by the industry.

According to the Dominion Bureau of Statistics, production last September by the central electric stations amounted to 2,946 million kw.h., compared with 2,666 million in the same month last year.

Exports to the United States aggregated 185.3 million kw.h., as against 195.1 millions a year ago.

Secondary power for electric boilers and other uses also declined, amounting to only 95 million kw.h. last September compared with 270.3 million kw.h. in Sept., 1941.

The decline in exports and secondary power use, together with the increase in production, made a larger quantity than ever available for firm power consumption. With the exception of New Brunswick and Nova Scotia all provinces shared in the gain.

In Quebec the daily average consumption of firm power increased from 34.8 million kw.h. in Sept., 1941, to 41.7 million kw.h., or by 19.8%, and in Ontario from 30.4 millions to 32.1 millions, or by 5.5%.

Net Firm Power Demand
(Thousands of Kilowatt Hours)

	September 1942	September 1941
P. E. I.	759	697
N. S.	35,803	39,093
N. B.	26,304	43,919
Que.	1,250,932	1,044,144
Ont.	963,283	912,005
Man.	88,556	87,812
Sask.	51,851	49,670
Alta.	39,840	28,451
B. C.	209,405	206,597
Total	2,666,733	2,412,334

Air Industries Names New Head

Air Industries and Transport Association of Canada, formerly the Air Transport Association of Canada, elected R. B. C. Noorduyn, vice-president and general manager of Noorduyn Aviation Ltd., as its president for the current year at its recent annual meeting. Other officers and directors are:

C. H. DICKINS, general manager C. P. R. Air Lines, vice-president.

W. F. ENGLISH, asst. vice-president Trans-Canada Air Lines, honorary sec.

M. E. ASHTON, president of Wings Ltd., honorary treasurer.

J. N. BAIRD, British Aeroplane Engines Ltd., W. N. DEISHER, Fleet Aircraft Ltd., P. C. GARRATT, de Havilland Aircraft of Canada, GRANT MACDONALD, MacDonald Bros. Aircraft Ltd., C. R. TROUP, C. P. R. Air Lines, directors.

W. B. BURCHALL, Ottawa, executive secretary.

Membership in the association includes all independent aircraft builders in Canada, 15 in number, 16 air transport operators, operators of air observer schools, repair and overhaul companies and manufacturers of accessories, petroleum products and supplies. This broad membership resulted in the change in name mentioned.

The annual meeting was addressed by D. C. Coleman, president of Canadian Pacific Railway Co., Ralph P. Bell, Director-General of Aircraft Production and Lord Burghley, of the British Ministry of Aircraft Production.

CANADIAN GOVERNMENT BONDS

BELL, GOUINLOCK & CO.
LIMITED

MONTREAL TORONTO WINNIPEG

Canada Improves Brazil Trade

Moves Up in Both Exports and Imports in Year of Many Changes

War has altered many aspects of Brazil's foreign trade, L. S. Glass, Canadian Commercial Attache at Rio de Janeiro, reports. Since 1941 a policy of closer and more intensive inter-American trading has been followed. European and Asiatic markets lost to Brazil have been replaced by other American countries. These in turn found in Brazil new supply sources and often new markets for their products.

Canada has participated in these changes, moving from eighth to fifth position as a customer of Brazil in 1941, taking 3% of Brazil's total exports as against 2% in 1940. Canada also increased her sales to Brazil, supplying 2.3% of that country's purchases in 1941 compared with 1.9% in 1940 and moving from sixth to fifth place among suppliers.

U. S. Leads

The United States continues to be Brazil's best market, buying 57% of the country's exports in 1941 against 42% in 1940. Great Britain continued in second place, taking 12% of Brazil's exports in 1941 and 17% in 1940. Argentina in third place took 9% last year.

Approximately the same place was occupied by the United States as a supplier of Brazil's imports as was the case with her exports, supplying 60% of all Brazil's requirements against 52% in 1940. Argentina moved from third place to second supplanting Great Britain which moved to third place as a supplier in 1941. The Dutch West Indies, important supplier of gasoline, fuel and lubricating oils, occupied fourth place.

Brazil's favorable balance of trade in 1941 rose to $77.8 millions from $12.7 millions in 1940. Principal items of Brazil's exports are led by coffee, accounting for 30% of all Brazil's exports, and cotton with 15% of the total. Other items to show increases were manganese ore, carnauba wax, hides and skins, crystal, castor seeds, diamonds, pine, oiticica oil, cotton yarn and cotton-seed oil, cocoa beans, canned meats, cotton and wool textiles.

Lower St. Lawrence May Issue 5% Bonds

From Our Own Correspondent

MONTREAL. — Quebec's Public Service Board has approved an order authorizing the Lower St. Lawrence Power Co. to issue $200,000 of 5% first mortgage bonds to mature within 13 years.

Proceeds of the issue will be used to reimburse the company for capital expenditures since 1935 and also to cover the cost of purchase a small power site and development on Metis River.

1882 • Modern for Sixty Years • 1942

Lower Income

In planning your estate, two dominant factors require consideration. Dominion and Provincial succession duties will substantially reduce the capital value of your estate; the income tax will reduce below pre-war standards the income your beneficiaries can expect to receive. This situation makes it essential to simplify estate plans and concentrate on one or two objectives. Our Officers have a broad experience of estates planning. We invite you to consult us about any problems you may have.

THE TORONTO GENERAL TRUSTS CORPORATION

Head Office: 253 Bay Street, Toronto

Canada & Dominion Sugar has declared its second dividend under the new 20-cent quarterly rate. The latest dividend is payable Dec. 1 to shareholders of record Nov. 14. With the Sept. 1 payment the company reduced its quarterly dividend rate from 37½ cents.

Envelopes for every purpose

Barber-Ellis of Canada, Limited

TORONTO BRANTFORD

Steel Maker To Celebrate 150th Year

John Bedford & Sons, Sheffield, is celebrating its 150th anniversary, having been established in 1792. The company manufactures a wide variety of highly specialized steel and steel tools. Canadian agent for the organization is Holman Machines Ltd.

When the House of Bedford first entered the steel industry in 1792 most of the "tilting or hammering of steel" was done under "tail hammers" operated by water power from wheels driven by the River Don and its five tributaries.

Capital Tripled

At that time the works covered about one acre and had approximately 150 employees. The company's capital is now three times its original total, it possesses a group of modern works covering about 12 acres and employs over 1,000 operatives.

The company was reorganized in 1871 and since that time has made steady progress.

All manufactures in the Bedford group of factories and departments are serviced by the company's rolling mills, tool making, engineering, plumbing, building and wood-working sections, and metallurgical laboratories. In addition, the company has developed and made on its own premises, a wide variety of specialized machines to produce and improve manufacture of its various products.

Foundation Co. of Canada has been awarded a contract by Canadian Car & Foundry Co. for the extension of a foundry and installation of equipment at a cost of $446,000.

Loan Enables Government To Pay 24 Weeks' Bills

By STAFF WRITER

OTTAWA.—With Victory Loan subscriptions pouring in, the Dominion Government has been able to meet its bills in the last few weeks without resort to bank borrowing by means of deposit certificates.

The week of Oct. 20 was the first since July 29, when this new form of borrowing was inaugurated, that the government has not had to fall back on bank borrowing.

Since the new policy was introduced the government has borrowed $845 millions in deposit certificates. The last borrowing, $90 millions on Oct. 20, was the largest of any week. It was especially high in order to meet a bond redemption date.

As indicated recently by Hon. J. L. Ilsley, the government has been paying out about $12 millions a day to meet war and other costs. Income receipts are only about half that amount. Thus the government has been running behind at the rate of $40 millions a week.

The $950 millions secured in the current loan drive, should last for another 24 weeks if the present ratio of expenses to income is maintained.

The deposit certificates issued so far do not begin to mature until Jan. 26, with subsequent maturities each week after that.

However, since the government has already overshot by $145 millions the original limit of $500 millions agreed on at the time the certificates were first issued, and since it was understood that the amount outstanding would be reduced once the Victory Loan was floated, it is thought likely that it will use part of the proceeds of the loan to pay off some of these certificates, rather than wait until the first maturities fall due.

H. J. Shore to Head Ontario Dailies

H. J. Shore of the Port Colborne-Welland Evening Tribune was re-elected president of the Ontario Provincial Dailies Association meeting in Toronto recently.

Others on the executive are:

R. H. THOMSON, Timmins Press, vice-president;
MRS. EVELYN SIMPSON, Toronto, secretary; J. H. JOHNSON, Brantford Expositor.;
C. J. McTAVISH, Owen Sound Sun-Times;
ARTHUR L. DAVIES, Kingston Whig-Standard;
T. H. KAY, Kitchener Record;
ALLAN HOLMES, Galt Reporter;
W. E. MASON, Sudbury Star;
W. L. AGNEW, St. Thomas Times-Journal;
A. R. ALLOWAY, Oshawa Times-Gazette;
R. L. CURRAN, Sault Ste. Marie Star, members of the board of directors.

Set Up Nutrition Drive Machinery

Organization to plan and direct the National Nutrition Programme, scheduled to start Jan. 2, 1943, is being set up across Canada. Following a series of meetings with advertisers and media representatives, Working Committees have been set up in Toronto and Montreal and a third Committee is being formed in Winnipeg.

The January drive is under the immediate sponsorship of Nutrition Services of the Dept. of Pensions & National Health, but other departments of the government have a vital interest in the campaign, these being Dept. of Munitions & Supply, National Selective Service, Dept. of Agriculture, Wartime Prices & Trade Board and Dept. of Fisheries.

An intensive advertising and publicity campaign supported by local and national advertisers and all advertising media, health organizations and community groups will go on during January.

● Every second message is labelled "RUSH" these busy days—and Script Mimeo Bond is right in there, helping with fast, fuzz-free duplicating. This smooth-running paper is made and pre-tested expressly for duplicating work; comes in 6 colours and pure white. Order from your paper dealer today—or write for a free test package. Provincial Paper Limited, Toronto.

SCRIPT MIMEO Bond
A PROVINCIAL PAPER

Like a jewel on a ribbon

Canada's population, stretching ribbon-like from coast to coast, has in its centre the rich Toronto market where within a radius of one hundred miles, live one-sixth of its population who possess one-third of its buying power. Its geographic location is ideal for distribution and its industries increase in number each year. At present, wages are at an all-time high, and retail business is keeping pace. One of the major groups of consumers is that represented by Evening Telegram readers, who have looked to its advertising columns for sixty-years to supply their needs.

TORONTO IS A "TELEGRAM" CITY

THE EVENING TELEGRAM
Toronto's Most Interesting Newspaper
TORONTO CANADA
MONTREAL: E. R. CHOWN, Dominion Square Building

The Editorial Page . . . .

Bad News for Socialists

For the socialists, communists and other totalitarians we have here in Canada, the worst blow in months is the triumphal success of the Victory Loan.

Its success is a startling illustration that our system of democracy and of free enterprise works; that our people will make sacrifices for the common welfare; that Canadians are eager and willing to defend their way of life. Above all, it forcibly demonstrates that Canadians want our way of life to continue and believe that it will. For, willing as we are to lend our money now, all of us are equally determined to get it back later.

This is all bad news for our totalitarians. They have been hoping that war would smash our way of doing things. Above all, they have hoped that war would lessen rather than increase our personal, self-interested stake in maintenance of our Canadian way of life.

Let's Open This Up

After much pushing and prodding, the government has finally set up a public relations organization which is to build morale on the home front and win favorable opinion for our war effort and ourselves abroad. But the government goes right ahead and tears down confidence by its apparent unwillingness openly and frankly to investigate charges that exorbitant prices were paid for Manitoba airport land at Gimli.

The matter at long last got official attention from a subcommittee of the War Expenditure Committee. The government plan was to investigate the matter in secret. No conceivable question of wartime secrecy could be involved. The Winnipeg Tribune, whose energetic investigations had forced the matter on the attention of Ottawa, demanded an open inquiry. After two days of argument as to whether the investigation should be open or secret, the subcommittee tossed this apparently hot potato back to the government by reporting that "the inquiry, if deemed necessary, could be more satisfactorily made by a judge under a Royal Commission." Whether there is to be a Royal Commission inquiry is not clear as this is written.

One thing is clear: To merit the confidence of the Canadian people and properly to execute its high responsibilities, the government should dig into this situation promptly and openly. On a matter of this kind, government wish for secrecy will lead the public to assume the worst about the affair.

Bank of Montreal Service

During the past three weeks, after the Bible, the most looked at book in Canada was undoubtedly the bank book, as some two million Victory Loan subscribers figured out their subscriptions. But behind those bank books, were some 3,190 bank managers, an army that had a vital part in the success of the loan.

Because the bank managers are the community symbols of sound finance, of thrift and of safe investment! This army, blanketing the whole of Canada, is the offspring of Canada's branch banking system, one of the institutions for which Canada is best known in business circles around the world.

Now brought back to mind is the fact that the Canadian branch banking system was introduced into Canada by the Bank of Montreal which is celebrating its 125th anniversary. In 1818, the year after its foundation, the bank became fiscal agent for the Upper and Lower Canadian government. For the new Dominion it continued this service until formation of the Bank of Canada in 1935.

The triumph of the current Victory Loan is a singular tribute to the principles of public and private thrift and of good citizenship which this oldest of Canadian banks and its younger partners have fostered for these generations.

This is a Red Cross Job

There will be widespread sympathy with the aims of the newly formed Canadian Aid to Russia Fund. In their stand against Hitler, the Russians have been fighting our battle as well as their own. The destruction, slaughter and suffering caused in Russia by the Nazi invaders is perhaps the greatest mass horror in world history. There is need for clothing, medical supplies and other comforts.

The Canadian Aid to Russia Fund has been chartered by the Canadian government and sponsors say some measure of co-operation with the Red Cross will be worked out.

Why should the Red Cross not raise as well as spend the money? In view of the experience of the Red Cross in collecting and wisely distributing such funds, and in view of the fact that it already has the administrative machinery necessary for the job, businessmen asked to contribute will wonder why it was considered necessary to form a separate organization and hold a separate campaign, the worthiness of the cause notwithstanding. The policy of avoiding duplication of appeals in Canada has been a wise one. Could the Red Cross not have added $1 million to the objective of their campaign next spring and saved much time and expense? It may not be too late now to add this appeal to that of the Red Cross.

Last year in its combined appeal, the Canadian Red Cross asked funds for similar Russian relief and got some $860,000. During the current year the Red Cross has, in addition, given aid to China, Belgium, Poland, Czecho-Slovakia and Fighting France.

Headed by J. S. McLean, president of Canada Packers, Ltd., the Canadian Aid to Russia Fund Committee includes Clifford Sifton, Harrison Gilmour, C. George McCullagh, J. E. Atkinson, Margaret Gould and R. M. Fowler.

A nationwide appeal with an objective of $1 million is planned to commence shortly, the funds to provide medical and material comforts for the Russian people.

Aid for Russia and other victims of the Nazi horror is in keeping with the cause of humanity for which we are fighting. We shall benefit from the giving as they will in the receiving. Mr. McLean and his group have a worthy cause in their trust. They might well consider if there wouldn't be greater effectiveness to their efforts in utilizing the existing fund-raising and humanitarian machinery of the Red Cross.

The Financial Post's Platform For War

1. *Effective mobilization of all resources, materials, productive capacity and manpower, without reservation, for an all-out war effort.*
2. *A national cabinet, representative of all loyal groups, and consisting of Canada's ablest brains.*
3. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
4. *A non-political industrial executive to organize and direct procurement of war supply.*
5. *Pay-as-we-go policy, to the very limit consistent with an all-out war effort, to avert inflation.*
6. *Elimination of wasteful spending by public bodies or private individuals.*
7. *A national programme for postwar Canada, providing for fullest possible employment and improving social standards, through free competitive enterprise.*

Making War Personal

Canadian war factories are thousands of miles away from the fighting front in fact; some of them seem to be just as far away in spirit. There is an important job to be done to bring the front line really through the factories.

Too many war workers see in the product they turn out only an inanimate object. Their production is just a job about which there is a total absence of any pulse-quickening excitement. Too seldom is there an effort to make evident to workers the specific importance of their own individual efforts.

General Electric Co. in the United States makes plastic antennae housings for airplane wireless. When word came back that the planes flown by General Doolittle and his men across Tokyo used these housings, workers were so stimulated that production jumped 300%.

In Britain, war communiques are closely studied and the output of British industries is traced right to the scene of battle. The performance of each product is swiftly and dramatically reported to the workers who produced it. In both Britain and the United States fighting men are brought back from action to tell workers how their products are being used.

These morale-building programmes are carefully worked out, they have a sound psychological basis, and they are achieving real results.

In Canada this important production incentive is too often ignored. Workers are told some glowing generality such as Canada's war production is going to wherever powder is burned, and it is left at that. Such statements arouse no deep, direct personal interest.

What is wanted is a specific, dramatic, newsy presentation to the actual people who are making the weapons which are making the headlines. Let the workers hear the real story of their weapons in action.

Food Shortage Looming?

Despite the huge crops harvested this season, a serious food shortage in Canada next year is not at all impossible. Canadian citizens and our customers in Great Britain and elsewhere do not eat wheat and other grains directly, but the food products made from these crops—flour, butter, meat, eggs, milk, cheese, etc.

To produce these things, an immense amount of labor and transportation is required and both of these essentials are getting exceedingly scarce. Our flour mills, packing plants, canneries, dairy factories, and the farms themselves have been badly squeezed by the munition plants and the armed services in the race for manpower. Our railroads upon which we rely for bringing grain and livestock together, are in the same position as well as being hampered by a shortage of rolling stock. A deciding factor in this labor squeeze has been the fact that wages in war plants have been practically uncontrolled, while those in the food plants have been rigidly frozen.

The big crops this year are a tremendous asset in this war where food production is just as vital as planes, tanks and shells, but unlike these lethal weapons, the crops must be regarded as raw material for food only.

If we are to fulfill our export obligations to Great Britain in the way of bacon, cheese, milk and other items and at the same time meet our growing domestic requirements, then steps will have to be taken and taken promptly to insure adequate labor in our various food processing plants. And it must not be forgotten that one of the main cogs in our food producing machinery are those farms where dairy, livestock and poultry production are the main activities. Dairy cows do not feed and milk themselves, hens do not lay eggs automatically. Skilful labor and scientifically balanced feeds are vital if present production is to be maintained.

The Postwar World . . .

In this department The Financial Post notes current comment, opinion and research on the world that will face us after the war has been won.

The Place of Education

From an address by Dr. R. C. Wallace, principal and vice-chancellor of Queen's University at Convocation Hall, Toronto, this week. The address was sponsored by the Toronto Teachers' Council and the Toronto Board of Education.

Let us be practical, and see where education must be invoked to help us in reaching out to a better world.

If we are to make of our democratic way of life what it is capable of becoming, we must develop our potentialities to the fullest, in order that our contribution to society and to our civilization may be the best that we can give. This means, to begin with, that education should be available to all to the stage of which they are capable of benefitting from it. That right is conceded up to the end of our elementary school system, and, within very definite limits of time and place, to the end of the secondary school stage. It must be made to apply to university and higher technical training as well, in the sense that no student, who is fitted for and desirous of obtaining such education, would be prevented by financial inability from obtaining it. We are far from having achieved this goal in Canada, and we lag behind our sister democracies in this regard.

Discrimination against the technical aid to the advantage of the academic is fast disappearing, and, with this war, has practically gone completely. The need of the competent technical man in war and in peace is now so thoroughly demonstrated that his place in the educational system is secure. The one important question to determine of a young man or woman who wants to pursue his education further is what he is most capable of doing well. If technical work, then he should follow it. If cultural and academic, then he is needed there. If professional, then he should go forward in that direction. And all as a natural process, toward a fuller development of the resources latent in that young man or woman.

Today, in the process of selecting men for the various arms of the service, the psychologist has demonstrated his worth. We need similar guidance in the advising of young men and women as to the kind of lifework which they can perform to best advantage and as to the education needed to that end. We must husband our greatest resource—our young men and women. They are giving of themselves today without stint. We must give of our knowledge and wisdom and experience as freely to them as they to us, in order that they may find their own particular place in life, fitted for them and they for it.

Our really great challenge is to find the way to stimulate ability and enthusiasm to the common purpose of the highest common good. It is not my belief that we are to look forward, in the near or even in the farther future, to a system of life where private endeavor, private initiation and private responsibility in the making of a living are to be removed. That way points to the dominance of a bureaucracy with all the evils that are readily to be conceived.

Post-Scripts

Canada made diplomatic history last week. Representatives were appointed to Russia, China, Australia and Chile. Below are brief sketches of the men who will speak for Canada in these new posts.

To Russia

In 1916 a young man of 23 named Dana Wilgress blazed a new trail in Canada's overseas relationships. In a few weeks, that same "young" man — he's just 50 but looks much younger — will blaze another even more important trail in exactly the same direction—Russia.

MR. WILGRESS

The trail blazing really started in 1914. In that year, Hon. George Foster, then Minister of Trade and Commerce, went to Stephen Leacock at McGill University and asked for some of his most promising young graduates to join the Canadian Trade Commissioner service. Up till then, the service had been recruited entirely from older, experienced business men. Among others Leacock picked Dana Wilgress.

Two years later, Wilgress was given instructions to proceed to Siberia as a full-fledged trade commissioner to learn the language and to make an exhaustive study of the entire region on behalf of the government.

Thus at 23, Dana Wilgress became the youngest man to ever hold a full trade commissionership. The feat has never been repeated.

Dana Wilgress travelled the length and breadth of Siberia, learned everything there was to know about the country, including the language. In 1918, when he was transferred to Vladivostock he married a charming Russian girl—Olga Buergin. In 1918 and 1919 he was a member of the Canadian Economic Mission to Siberia. After special trade investigation work in South East Europe and London he returned again to Russia, first in 1921 and then in 1923 in connection with the resumption of trade between Canada and the Soviet Union. He was back again in 1936.

Thus it was that Prime Minister King in announcing his appointment last week as Canada's first Minister to Russia, referred to Dana Wilgress as the "obvious choice."

Wilgress was born in Vancouver. His father was a freight agent for the Canadian Pacific Steamships. At the age of 8, he travelled with his family to Hong Kong; thence to Yokohama, Japan where he lived for three years prior to returning to Vancouver and Victoria to continue his education under the tutelage of an uncle. He attended Vancouver College (predecessor to the present University of British Columbia) and at that time affiliated with McGill. Some of his lectures were from Professor Robertson, father of his new "boss," Norman Robertson, Under-Secretary of State for External Affairs.

Subsequently Wilgress went to McGill and from there to the Department of Trade and Commerce which he has served now for 28 years.

In 1932, Hon. Harry Stevens recalled Wilgress to Canada to take charge of the entire Commercial Intelligence Service. He has been a major negotiator in every major trade agreement of Canada's in the past decade.

In 1940, he was named Deputy Minister of Trade and Commerce.

The new job will be a great wrench from present long associations. Dana Wilgress has been much more than a routine deputy minister. From the outbreak of war he has been a member of the Foreign Exchange Control Board and the government's Advisory Committee on Economic Policy. Later he assumed the chairmanship of the Canadian Shipping Board, the Canadian Shipping Priorities Committee and the Advisory Committee on Export Control. He is also a member of the Wartime Prices and Trade Board. His extraordinarily quick mind, his ability to absorb detail, his capacity for hard work, plus an engaging personality have made him a key figure in the present conflict.

Mr. Wilgress looks on the new job as a very great responsibility. He feels that everything possible must be done to make sure that Russia, after this war is won, stays "for keeps" within the family of nations. He feels Canada-Russian relationships must be placed and maintained on the very highest level and that commercial antagonisms of the type that characterized these relationships in the past two or more decades must be a thing of the past.

. . .

To China

An old friend of the Orient is Major General Victor Odlum, who goes to China as Canada's First Minister. General Odlum spent his childhood in Japan and prominently associated with Vancouver business for many years, he has so to speak, been living next door to the Far East ever since.

MAJ. GEN. ODLUM

General Odlum was born in Cobourg in 1880, spent some years in Japan where his father was engaged in educational work and later moved to British Columbia. There Victor Odlum got his first job as a reporter on the old Vancouver World. At 25 he was made editor-in-chief. Via the publishing end of the business he became more and more interested in financial activities.

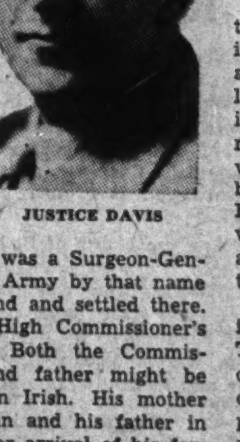
General Odlum's business life has been abruptly interrupted by three wars. He went off to the Boer War at the beginning of the century as a private and returned home a lieutenant. By the time the first Great War broke out he had advanced a couple more pegs and went overseas as second-in-command of the 7th Battalion, coming back in charge of the 7th Infantry Brigade as brigadier general. In that war he was wounded three times, mentioned in despatches eight times and decorated with a D.S.O. Shortly after the outbreak of the present conflict, he was appointed to command of the Second Division.

General Odlum is credited with developing the trench raid technique of the last war, a guerilla type of fighting that he might have inherited from one of his ancestors who served Wellington in the Napoleonic Wars. At that time, it will be remembered that guerillas played quite a part in delaying the 19th century dictator, just as they are spoiling Japanese plans in that part of the world today where General Odlum is going to be sent as First Minister.

. . .

To Australia

Judging by Canadian experience, it won't be long before a lot of Australians are calling their new Canadian High Commissioner by his first name—Tom. Everyone in Prince Albert, his home town, calls him by that name as well as a lot of people in Regina and Ottawa where he has spent the last 17 years of his life. His full title is Mr. Justice T. C. Davis and since July, 1940 he has been Associate Deputy Minister of National War Services.


JUSTICE DAVIS

The Davis saga really starts back in England. There was a Surgeon-General in the British Army by that name who went to Ireland and settled there. He was the new High Commissioner's great grandfather. Both the Commissioner's mother and father might be called Irish—Dublin Irish. His mother was born in Dublin and his father in Canada shortly after arrival of his forbears in this country.

The father's name was T. O. Davis. He was a western Canada pioneer in the true sense of the word, a "freighter" who operated a large and successful ox-cart cartage business between Winnipeg and Prince Albert, Saskatchewan. The distance was about 600 or 700 miles and Davis made one round trip each year. Later he entered politics and died a well known Liberal senator in 1917.

His son, "T. C.," went to Osgoode Hall to gain his early legal training, then entered municipal politics as an alderman in the Prince Albert town council in 1916. Four years later he was mayor and after several terms he moved on to the provincial legislature. There he rose quickly to Attorney-General. He was named to the Saskatchewan Court of Appeal in 1939 and took his seat on the bench two days after war was declared. He got a wire that same day asking that he relieve Justice Martin who had been called to Ottawa. He heard the welcoming speech of his associates on the bench, made his reply and got into a car to travel through the province as chairman of the Board of Review under the Farmers Creditors Arrangement Act. He finished that work on June 30, 1940 and got another wire asking him to come to Ottawa as Associate Deputy Minister of War Services. He took the plane that night and has been doing a whirlwind job in Ottawa ever since.

Three notable accomplishments in the two years he has been at Ottawa, have been the National Registration of 1940; the consolidation of War Charities; the establishment of the office of Government Economies Control. Whatever the shortcomings of the National Registration so far as subsequent use or abuse of the information is concerned, the speed and economy with which it was achieved under Mr. Davis' direction, will long be remembered in Ottawa. Mr. Davis showed an early and extraordinary aptitude for cutting red tape and getting things done fast.

Justice Davis has been a lifelong Liberal (except when he voted Union Government in 1917). His wife comes from Moosomin, Saskatchewan and will, of course, accompany her husband to Australia. They have no children of their own but "a lot of nephews and nieces." Mr. Davis has four brothers and two sisters. His hobby: walking. He walks about Ottawa as quickly as he gets things done in the high panelled office in the new Supreme Court Building.

His motto for his new job: forget the panelled office and don't ever be high hat in Australia.

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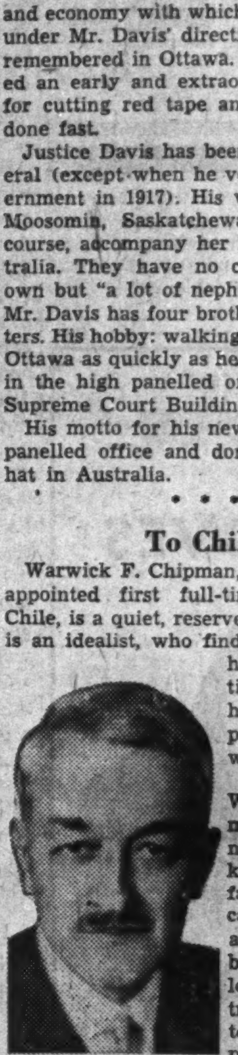
To Chile

Warwick F. Chipman, Canada's newly appointed first full-time minister to Chile, is a quiet, reserved individual. He is an idealist, who finds expression for his beliefs in actively interesting himself in world politics and in the writing of poetry.


MR. CHIPMAN

Montreal born, Warwick Chipman bears the name of a well-known Maritime family. While he cannot claim to be a Bluenoser by birth, still he followed a Maritime tradition in entering the legal profession, which has practised since 1906.

Over the course of years Mr. Chipman has established an enviable position for himself in Quebec legal circles. In 1917 he was created King's Counsel and only last May was elected Batonnier of the Montreal Bar Association. He has been long associated with the well-known Montreal legal firm of Montgomery, McMichael, Common and Howard and, in addition, is professor of civil law at McGill University.

Aside from his legal activities, Mr. Chipman is probably best known to Canadians for his advocacy of the League of Nations. He was one of the founders of the League of Nations Society in Canada and in 1939 was elected National Chairman. Associated with this interest in the League, is his membership in the Royal Canadian Institute of International Affairs and the Pacific Institute.

Though there is little connection between the law and poetry, Mr. Chipman is a poet of no mean order. His interest along these lines may have been stimulated through his long-time membership in a small, but important club in Montreal, known as the Pen and Pencil Club, which honors among its former members Col. John McCrea who wrote "In Flanders' Fields." Mr. Chipman has written several books of poems, as well as various articles on political and international affairs.

In addition it should be mentioned he is a governor of the Montreal Diocesan Theological College and judge-advocate of the Anglican Diocese of Montreal. All of which makes him a thoroughly representative Canadian citizen and one who should be a very able representative of Canada in Chile.

Stop Me If . . .

When the farmer had helped the airman to disintegrate himself from the mess of cordage and fabric, he remarked: "You must be very brave to come down in that parachute in a gale like this."

With a snort, the airman pulled the last rope loose from his feet.

"I didn't come down in a parachute. I went up in this tent."

Other People's Views . . . .

The Canadian Editorial of the Week

Heading for Disaster

Vancouver Sun

The United States has taken the first essential step in the management of its manpower. It has fixed the limits of its armed forces. Its army up to the end of 1943 is to total 7,500,000 men. With enlistments in other fighting services, the nation will have a total fighting force of 9,000,000.

Having decided that, the United States can distribute its remaining manpower in war and civilian industry. It has a foundation to work on. But Canada has no such foundation.

There is nothing in the statements of the Canadian Government to show that it has fixed any limits to the fighting services, to the war industries, or to the civilian industries. The fighting services and war industries have just been expanding as fast as they can, with no clear aim in sight, and the net result of all this is that we are heading in Canada, at break-neck speed, for a breakdown in manpower, and the government knows it.

The limits of the fighting services and war industries, including agriculture, must be as high as possible, the limits of civilian industries as low as possible. But limits there must be or we shall have all departments competing for manpower against one another and we shall end in chaos. The decision for 1943 must be made now or 1943 will produce a manpower catastrophe in Canada.

. . .

As Others See Us . . .

Helping Hitler

St. Catharines Standard

Something in the nature of Fifth Column work has been exposed in the picture magazine, "Life," which has a wide circulation in the two countries. In the last issue there was a letter to the "People of England."

The Financial Post deals with the matter and quotes high authorities in the States who denounce the view of "Life." The Post says the implication of the letter very definitely is that Britain has not launched or has prevented launching a so-called "second front," because of Empire considerations.

"Editor Henry Luce and his editors are entitled to their own opinions, like other citizens. What is dangerous and malicious about the letter is that a group of men, so well experienced in the workings of public opinion, so well aware of the line being taken by Axis propaganda, should proclaim such views at this time. For with the opportunity to put views before millions of readers goes the grave responsibility of using the opportunity wisely."

. . .

Instead of Complaining

Charlottetown Guardian

To those of us who have shown any inclination in the last few months to complain about our so-called sacrifices in material things The Financial Post directs these salutary reflections:

"In France, Belgium, Holland or any other of a dozen countries under the Nazis, the average person no longer worries about tax reductions—his main concern is to keep clear of a firing squad. It is not a question of what kind of meat he is going to have for Sunday, but whether there will be sufficient mouldy bread to keep his children alive. And as for automotive restrictions, Hitler can do as he pleases, because from the beginning he confiscated all cars operated for private use."

The Mail-box . .

Postwar Sanity

Editor, The Financial Post:

Thank you, Mr. Editor, for your leading article, "Postwar Problems are Right Here," appearing in your issue of October 24.

How I have thrilled to such "straight from the shoulder" words as: "Current is much callow and unrealistic chatter about schemes for new conditions of life and of business after the war." "Callow" and "unrealistic chatter" is, in my opinion, just a little too mild, regardless of how appropriate these terms may be. Mr. Editor, it is harmful, it is destructive of ambition and individual objective. If listened to, some of this chatter about schemes for new conditions may sabotage our industries and our industrialists. These schemes are as dangerous to our future as was our indifference, our complacence and our complete self-satisfaction previous to the days when Hitler let loose his murderous machine.

I am further pleased to note that you have not directed your remarks wholly to "labor." (As a matter of fact, I wish we did not use that term "labor" when we really mean our industrialists). It is just as important that "management" should devote itself today to the building up of a highly skilled personnel that will enable it to convert its wartime industries into economically-justified production from Canada's natural resources.

J. B. CHURCHILL,
Vice-president.
International Correspondence Schools Canadian, Limited.
Montreal.

. . .

German Guilt

Editor, The Financial Post:

I was somewhat surprised to read the replies in your issue of Oct. 24 to the question "In dispensing justice after the war should we distinguish between the Nazi leaders and the German people?"

The majority of replies would make such a distinction. Admittedly it is a difficult subject but I notice that Whitaker's Almanac, 1941, under the head of "Germany" states "The history of Germany since 1863 is principally marked by wars of aggression." Nobody can quarrel with this statement.

I think if many of your correspondents had read the "Roots of the Nazi Tree" by Grant Dexter, the replies to your query would have been somewhat different. I think they could also learn a great deal from Sir Robert Vansittart's pamphlet entitled "Black Record."

Toronto, Ont. E. J. BENNETT.

Sayings of the Week

"One can only hope that wisdom will come with the years."—*Eleanor Roosevelt, celebrating a birthday.*

. . .

"We Germans are so afraid of doing a person injustice that in case of doubt we would prefer to do ourselves wrong."—*Paul Joseph Goebbels.*

. . .

"This is a global war and it must be followed by a global peace. This is a people's war, and it must be followed by a people's peace."—*Ignatius Donnelly Taubeneck, head of Dept. of History, Bronxville, (N.Y.) Public Schools.*

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner reliable information respecting investments, business and national affairs in Canada.

DOUGLAS M. GOWDY, Manager
RONALD A. McEACHERN, Editor

Published by
The MacLean Publishing Co., Limited
481 University Avenue, Toronto 2.

JOHN BAYNE MACLEAN, Founder and Chairman.
HORACE T. HUNTER, President.
FLOYD S. CHALMERS, Executive Vice-president.
B. G. NEWTON, Vice-president.

Subscription Terms: Single copies, 10 cents. Yearly, in Canada, United States, Mexico and British Empire, $5; all other countries, $6.
Advertising Rates: Single insertion $4.20 per inch. Contract terms upon request.
Montreal: Dominion Square Building, Murray R. Chipman, Eastern Manager; John E. Langdon Eastern Editor.
Ottawa: 260 Irving Ave. (Tel. 8-0847); Kenneth R. Wilson, Resident Correspondent.
New York: 522 Fifth Ave.
Chicago: 309 West Jackson Blvd.
London, England: Quadrant House, 55 Pall Mall, S.W.1.

Is This Labor-Hoarding?

State Much "Hoarding" is Essential

By ROBERT C. STARK

Among war plants The Post finds sharply varying manpower conditions. There are some who describe themselves as absolutely begging for men; others admit having a surplus. However, those that say they have any appreciable surplus are those firms that are changing over production. In the tooling-up stage between contracts a plant's production naturally sags and there is not immediate need for some of those carried on the payroll.

The catch is that if those workers are laid off now during the production lull they will drift into other employment and just won't be available when the tooling-up period ends and real production gets under way.

In Between Contracts

The Post knows one plant that is employing several thousand people but is now in an "in between" stage. Production is being switched over to a first-line weapon, but final tooling-up will take some weeks yet. In the meantime workers are slack. When production really gets under way it will be of tremendous importance with a high daily output scheduled and it is probable that the entire present staff and a good many more will be required to meet that schedule.

Under such conditions some personnel men see the answer as being in the hands of National Selective Service. They point out that in these days such slack periods are demoralizing to workers. While some can be switched to other departments in the same plant this procedure may not always take up all the slack. If N. S. S. could find jobs for these men during the interim and guarantee that they would be returned when their own plants needed them, plant managers would be willing to release workers, it is claimed.

Such a plan has obvious difficulties, however. It would probably take several weeks to break in the men to their new jobs and then just as they were getting into the groove of regular production they would be lifted out and sent back to their old jobs.

In Canadian war plants The Financial Post finds these "labor-hoarding" facts:

1. In plants where there is retooling going on there is a surplus of labor.

2. In some war plants there are employees who are not yet being used for direct production.

3. In some plants there is an apparent moderate surplus of workers.

Here is how production men explain these facts:

1. If workers are not retained on the payroll while tooling up is going on, they won't be available when actual production starts.

2. While some may not be in direct production yet, they are being trained and will shortly have a very real place in the production line.

3. If possible, a surplus should be maintained to help take up loss of labor power through absenteeism and to enable the plant to meet sudden demands developing from the exigencies of war.

4. Material shortages causing shutdowns have sometimes given the impression of a labor surplus. If materials were available workers in such cases would be fully employed.

Some Transferring

In the aircraft industry there has already been some temporary transferring of workers. One plant which is changing production over to a new type plane received permission from N. S. S. to lend some of its workers to other aircraft plants. While logical in conception, this plan has not worked out very satisfactorily. Workers shifted to other plants have encountered different pay levels and working conditions than those to which they were accustomed. Dissatisfaction has been the result.

Material Shortages Hit

Various other conditions account for reports of worker hoarding. Shortages of material appear to be an increasing cause of short shutdowns. War plant operators argue that they can hardly be expected to let workers out when it is just a case of shutting down some machines for 24 hours or so. Even if they wanted to, present job orders bar such a procedure. If the needed materials were coming in there would be no question of stopping work.

Training Men

Some plants are said to show a tendency toward building up a reserve of labor in anticipation of new contracts. While not in active production, these employees are said to be far from idle. They are being trained for new jobs and there will shortly be a very definite place for them on the production line. Such men, say their employers, while not in actual production are a lot closer to the production line than those still allowed to remain in non-essential industry.

Men with production know-how point out that if they are allowed to stock materials three months ahead of time it is perfectly logical to stock labor ahead of time, and in most cases that supply of workers will be used up much sooner than in three months' time.

Maintain Flexibility

The Post knows one important war material producer that says it could probably get along with 10% less help if it did not have absenteeism and could chart its production ahead for a reasonably lengthy period. However, war demands are subject to sharp fluctuations. The course of one battle or a new technique can change the complexion of a whole carefully worked out production programme. This particular plant was recently given a contract for an important war product. This was an entirely unexpected development and, if the company had not had that surplus of labor available, it would not have had sufficient flexibility of production to allow taking on the important new contract.

Absentees Have Influence

Absentees are another important reason for employing more workers than the bare number theoretically needed. If there is no one there to fill in for an absentee, then production will suffer. This is one phase of the question that leads to some wild rumors. The story is told of one company that sent 150 people home for the day when the number of absentees happened to be unusually low. By the next morning the story had grown that this plant was laying off 3,000 people.

Temporary shutdowns caused by material shortages are another fruitful source for such rumors.

Col. George Drew, Ontario Conservative leader, recently charged war plants with hoarding workers. He said one Toronto plant had 2,000 employees on the payroll although they were not presently needed.

Talking to The Post most war plant operators disagree with Col. Drew's charges. They say that they are not hoarding workers in their own plants and that they have not seen such a condition existent to any degree in other Canadian war plants.

National Selective Service officers say that no case of labor hoarding has come to their attention. They say that they would welcome any definite information on specific plants as they have orders on hand where they could use workers to good advantage.

Carmichael Comments

The situation was authoritatively commented on by Harry Carmichael, co-ordinator of war production, at his Oct. 17 Toronto conference of war production men:

"There are many critics of our plants. They tell us there are idle people in there and there may be, and if there are I am sure that I can count on each one of you to see they are eliminated. But I just wonder if these same critics realize what a task it is to educate 600,000 in the short space of time that you as a group have done to become skilled and semi-skilled producers of the weapons of war that the fighting services of Canada and the United Nations have told you and told you over and over again are equal or better than those produced anywhere in this world. But that does not lessen our responsibility.

"There is a great fear on the part of some of us that if we release some personnel we won't get them back, and not an unwarranted fear, possibly. But be that as it may, with the shortage that does exist, we must not be selfish. We must release this personnel and get it working."

Shorter Store Hours Still Being Considered

Only Half of Voting London Retailers Favor 56-hour Week Test But W. P. T. B. is Keeping Plan Active

While the cool London reception to a 56-hour week for retailers dealt the idea a stiff blow, it is not altogether knocked out. Limiting retail store hours is still under active consideration by Wartime Prices and Trade Board officials.

London retailers last week voted 373 in favor and 297 against a proposal that they try a 40-day test period during which store hours would be limited to 56 hours a week. While there was a slight margin in favor, the actual result was little better than a defeat.

The plan was that if a large majority of the retailers favored the proposal W. P. T. B. would issue a regional order making a 56-hour retail week effective in London for the 40-day test period. This would have made London a test case for a nation-wide limitation of retail store hours. A "large majority" would have been around 90% and it is not felt that the plan would have a fair chance if put into effect with only a little over 50% of the retailers favoring it.

For some trades the 56-hour limitation would have meant a material reduction. Drugstores, for instance, operate on a 100-hour week.

Proponents of the idea claim that its lack of success in London is due to the heavy campaign waged against it by some sections of the city's press. There are also claims that opposition came from some of the smaller merchants who live on the premises and do a fair volume of trade in the evening when larger operators are closed.

Further Developments

Despite the cold shoulder given the W. P. T. B.-blessed plan in London there may be further developments in the situation. In some localities it is understood that as many as 90% of the dealers have asked W. P. T. B. that something be done toward limitation of hours. Under present statutes municipal authorities can set closing hours but are unable to set maximum hours, according to W. P. T. B. officials.

Main ideas behind limitation of store hours are conserving manpower, holding sales down so that diminishing stocks may be conserved and permitting employment of older people who could not stand longer hours of work.

In his week-end statement on freezing business Donald Gordon said that no decision on curtailing store hours had been reached. The board had to be convinced that such curtailment would result in worthwhile savings of manpower, electric power and other essentials before it was made effective.

Department Store Sales Increase

Dollar Sales in September Gain 10.8% Over Year Ago

Sales of 19 department stores in September totalled $28.9 millions, an increase of 10.8% over the $26 millions reported for September a year ago, according to the Dominion Bureau of Statistics. Unadjusted index for department store sales, on the base 1935-39 equals 100, stood at 154.6 for September against 126.7 in August and 138.6 for September, 1941.

Sales in the first nine months of this year averaged 13% higher than the same period of last year.

Gains of 20% in sales of piece goods and stationery were the largest among those recorded in September by individual departments. Women's apparel sales were up 17% on heavy demand for dresses, coats, suits and junior wear. Men's clothing gained 14% while footwear sales increased 10%. Food sales were up 6% from a year ago. A decline of 6% in sales of household appliances was the only decrease among departmental results.

Regional increases in dollar volume of department store sales this year over last are as follows:

	September	1st Nine Months
	% Increase	%
Maritimes	13.4	15.1
Quebec	18.3	15.6
Ontario	13.2	11.6
Prairies	3.4	10.2
B. C.	14.9	16.8

Loew's London Theatres has secured release from its long-term contract with Marcus Loew's Ltd. and can now proceed to wind up its affairs and make a cash distribution to preferred shareholders. This release will enable winding up under the Companies Act rather than the slower and more costly Winding Up Act.

Audited statements are being prepared for submission to the Dominion and provincial governments with respect to income taxes, etc. Preferred holders are expected to receive around $8 a share for their holdings with about 95% of this representing return of capital and the balance being subject to income tax. It will be some time yet before cash distribution can be made.

TRENDS IN THE FIELD OF INVESTMENT

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Ottawa Valley Power Co. has called for redemption $106,000 of 4% first mortgage bonds, payment to be made Dec. 1 next at 103½ and accrued interest. Both principal and interest will be payable in Canadian funds only.

Canadian Foreign Investment Corp. has redeemed and cancelled a further 112 shares of preferred stock. At present there are outstanding 4,045, of which 236 are on call, making the net figure 3,809 shares.

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The Week in Business

Recent figures suggest continued growth in the economic activities in Canada which make for full use of prime resources. For example, electric power output grows although there are signs that the civilian economy, as indicated by retail and wholesales sales figures, has attained a kind of plateau from which further growth is likely to be limited.

These conditions are likely to show only a slow acceleration, because there is no suggestion that we are going to make fundamental changes overnight. We have in effect "frozen" our economy so far as new capital expenditures are concerned.

Retail sales for September at 152.0 are lower than the 162.9 for August but well above a year ago. **Country store** sales in September were 12.6% above a year ago which in turn was 11.9% up. **Wholesale sales** index for September at 177.7 is 6.5 points above the level of a year ago.

Cost of living has remained almost stable for the past four months, the range of movement being half of one per cent. October figures indicate a fractional gain over September but are just below July. Food and coal prices accounted for the rise in September.

Iron and steel output is far ahead this year. September figures for both pig iron and steel continue to show a small decline from August, probably reflecting a shorter month. For the year to date pig iron output is up 38.3% and steel output up 17.8%.

Flour production in September this year was almost 100,000 bbl. higher than a year ago but the first nine months of 1942 show a decline of 760,000 bbl. from 1941, or 5.1%.

Cattle and hog sales in October this year were both well below the same month of 1941. The cumulative total for cattle is down 7.9% but for hogs is up 3.3%.

Electric power output set new records for the month. For the first nine months there has been a cumulative gain of 15.1% in kw.h. output.

	Oct.	Sept.	Aug.	July	Year Ago
The Financial Post business index	....	*166.2	165.0	163.6	172.1
Dom. war expend. (million $)	....	207.3	173.4	190.4	88.4
Dom. total revenue (do.)	....	162.4	164.2	121.8	106.9
Dom. total expend. (do.)	....	318.9	301.3	350.8	113.0
*Retail sales index no.	....	152.0	162.9	150.3	136.4
Dept. store sales index no.	....	152.4	154.3	145.4	136.6
*Wholesale sales index no.	....	177.7	157.4	154.3	171.2
*Country store (% change pr. yr.)	....	+12.6	+10.0	+10.6	+11.9
Divd. payment index§	123.3	123.5	123.5	122.6	118.5
Bank deposits (1926=100)	....	170.1	163.0	160.3	157.6
Cash and cheque pay. index	....	139.7	138.6	146.7	127.2
Bank debits (1935-39=100)	....	134.5	136.0	133.0	126.3
Money supply (c)	....	3,927	3,772	3,686	3,499
NEWSPRINT % OF CAPACITY—					
Production ratio	....	72.4	68.4	65.2	84.9
Shipment ratio	....	82.1	69.0	65.8	86.9
RAILWAY FREIGHT LOADINGS—					
Tons	....	132.3	163.0	177.0	127.5
Cars	....	117.4	129.6	148.1	119.1
COST OF LIVING—					
*D.B.S. index	117.8	117.4	117.7	117.9	115.5
EMPLOYMENT INDEX Nos. D.B.S.—					
All industries	....	....	177.8	175.7	160.6
Manufacturing	....	....	212.4	209.5	176.8
Payroll (June 1/41=100) (b)	....	....	131.7	129.7	106.9
Payroll index (a) (1937=100)	....	....	201	204	173

	1942	1941	Jan. 1 to date 1942	Jan. 1 to date 1941	% Change
RAILWAYS—					
*Carloadings (week Oct. 31)	71,882	72,970	2,848,242	2,679,476	+6.3
*C.P.R. gross (week Oct. 31) $	7,566,000	7,461,000	210,925,000	180,034,000	+17.1
C.N.R. gross rev. (Sept.) $	33,860,000	27,132,153	270,827,000	220,312,011	+22.9
C.N.R. net rev. (Sept.) $	8,832,206	6,393,072	62,760,974	48,580,326	+29.2
C.P.R. gross rev. (Sept.) $	22,112,749	19,268,143	187,126,616	156,457,494	+19.6
C.P.R. net rev. (Sept.) $	3,569,177	3,466,552	32,005,741	29,727,671	+7.6
IRON AND STEEL—(September)—					
*Pig iron production (tons)	155,900	125,188	1,464,631	1,058,520	+38.3
*Steel production (tons)	244,922	224,626	2,309,588	1,958,940	+17.8
CONSTRUCTION—					
Contracts awarded (Oct.) $	21,412,800	29,082,800	249,899,700	351,991,900	—29.0
Building permits (Sept.) $	10,540,657	12,579,488	80,683,920	102,043,724	—20.9
Cement prod., bbls. (Aug.)	1,232,380	977,580	5,949,480	5,272,599	+12.8
AGRICULTURE—					
*Flour prod., bbls. (Sept.)	1,737,472	1,647,910	14,573,098	15,633,532	—5.1
*Cattle sales• (Oct.)	118,489	146,993	913,199	992,437	—7.9
*Hog sales• (Oct.)	493,173	576,284	4,893,569	4,733,364	+3.3
SEA FISHERIES—‡					
*Catch, cwts. (Sept.)	1,442,100	1,343,500	8,395,100	8,501,200	—1.2
*Landed value (Sept.) $	6,557,900	3,156,000	25,834,100	20,762,500	+24.4
NEWSPRINT—					
Production, tons (Sept.)	257,618	298,276	2,410,209	2,505,947	—3.8
Exports, tons (Sept.) $	275,791	288,646	2,263,179	2,366,720	—4.3
MINING AND OILS—					
Coal prod., tons (Sept.)	1,463,187	1,509,014	13,860,225	12,679,416	+9.4
Gold rec., fine oz. (Aug.)	363,368	429,875	3,164,991	3,422,941	—7.7
Petroleum prod., brl. (Aug.)	870,106	870,881	6,979,180	6,820,695	+5.4
ELECTRIC POWER OUTPUT—(September)—					
*Total monthly, 1,000 kw.h.'s	2,946,611	2,866,647	27,514,325	23,900,261	+15.1
OTHER INDUSTRIAL FACTORS—					
*Shoes, prod., pr. (Sept.)	2,807,754	3,027,252	24,672,220	22,833,582	+8.5
Cotton consump., lb. (Sept.)	15,486,872	17,125,874	147,286,708	147,249,878	+0.02
Cigarette cons., No.† (Sept.)	890,109	865,956	7,221,826	6,263,492	+15.3
FINANCE—					
Bank debits† (Sept.) $	3,516,107	3,300,731	32,291,692	28,302,328	+13.8
Bond sales† (Sept.) $	254,313	62,000	2,838,679	1,831,085	+55.0
Life insurance sales (Sept.) $	55,796,000	33,975,000	379,409,000	295,000,000	+28.6

*D.B.S. All Canada figure covering 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
•Total at yards and plants. †000 omitted.
§Supplied by Nesbitt, Thomson & Co. *Final. (c) 000,000's omitted.
(a) Compiled by Canadian Bank of Commerce. (b) All industries.

On the Record

The Industry and Sub-Contract Co-ordination Branch is to function as Sub-Contract Division of the Office of the Co-ordinator of Production. **F. L. Jeckell** and **Drummond Giles** to be joint directors of the new division.

J. Gordon Fogo, K.C., Halifax, and **J. Gerald Godsoe,** Toronto, appointed Associate Co-ordinators of Controls under **Henry Borden,** K.C., Co-ordinator of Controls.

C. G. McKee, formerly in charge of the rationing office in Calgary, named regional supervisor of rationing for Alberta.

P. F. Daw, appointed W.P.T.B. representative in charge of the Parry Sound Office.

G. E. Wemp, assistant general manager, Industrial Acceptance Corp., named director of licensing, W.P.T.B.

D. O. Stewart, Summerside, P.E.I., appointed enforcement counsel for Prince Edward Island.

Robert C. Mold, Blackstone Fire Insurance Co., named director of fire-fighting equipment in the administration of farm and construction machinery and municipal service equipment.

J. T. G. Chisholm, Saint John, appointed regional superintendent of rationing in New Brunswick.

Ten new plants are being added to Canada's wartime explosives and chemical programme; three of them to produce alkylate for high-octane aviation gasoline.

Howard I. Ross, Montreal, appointed supervisor of rationing succeeding S. Boyd Millen.

J. Gordon Taggart, in Ottawa on Nov. 2, speaking to an Ottawa service club suggested meat may be rationed in Canada within the next six months.

Rail Earnings Depend on Wheat

From Our Own Correspondent

MONTREAL. — Final outcome of earnings for the Canadian Pacific and Canadian National Railways this year depends on whether the wheat crop moves. To date both companies have recorded large increases in gross and net earnings.

Last fall there was a good movement of grain which boosted the 1941 returns to high levels. This year all the grain elevators in the East are filled. The flow of wheat to export markets is relatively small, and prospects uncertain for any substantial export movement, so it is possible that earnings for the closing months will not hold up to the same high level as in the closing months of 1941.

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IF YOU ARE NOW in the armed forces, or are about to enter the service, we suggest that it may be wise for you to do one or more of the following . . .

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1. Be sure that premiums on your life insurance are paid to date, or paid sufficiently in advance to allow for possible delay in arranging future payments . . . either if you intend to keep your life insurance in force through a Government assignment or allotment of pay—or through payment by a member of your family, on your behalf, to your agent or to a Metropolitan District Office.

2. Make sure that the beneficiary designated in your policies is the person to whom you want the insurance proceeds paid. If no beneficiary has been designated, you should consider naming one to avoid the necessity of having an administrator appointed, involving expense and delay.

3. Of course it would be unwise for you to take your policies with you. Since, however, you might need certain information about your insurance, it is a good idea to keep among your effects a paper listing your policy numbers, types of policies, amount of each policy, amount of premiums, premium-due dates, and the names and addresses of beneficiaries.

4. Give some thought to the manner in which the insurance money is to be paid to your beneficiary . . . in a lump sum, in a monthly income, or in other installments which can be arranged under your policy. Your agent will advise you as to the various forms of settlement available and how to take advantage of them.

5. Leave your policies in a safe place, easily accessible to members of your family. Instruct the custodian of your policies to consult your agent or your Company if any questions arise. Your nearest Metropolitan agent will be glad to be of service in connection with your Metropolitan policies. Or write the Metropolitan Life Insurance Co., Canadian Head Office, Ottawa.

Women in the Armed Services also should consider these points in connection with their life insurance.

Buy War Savings Stamps— from any Metropolitan agent, or at any Metropolitan Office

This is Number 54 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

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Meeting the Community Problem

Says Wartime Housing Provides More Than Dwellings

As important to war production as labor itself is housing for those workers. In this, the second of two articles for The Financial Post, Lionel Scott, director of tenant relations for Wartime Housing Ltd., tells of how community spirit is fostered in the new developments. He also reports actual construction details of the wartime houses.

By LIONEL SCOTT

Following the arrival of thousands of families into new homes come other problems: the human problems attendant upon the dumping of people of widely scattered origins into a new community. Perhaps the most significant of all the phases of Wartime Housing's wide activities is its recognition of its responsibilities as landlord and community mentor to thousands of Canadian citizens.

Close on the heels of the construction and administrative bodies, the Department of Community Organization steps into the picture. As soon as the contractors are finished and the tenants settled, plans are made, based on the principles of cooperative living, to ensure a properly balanced and well-rounded community life.

In the larger developments a full-time worker, man or woman, is engaged to supervise the community work. This worker is known as the community counsellor. The counsellor's job is to co-ordinate and encourage community activities. He foists no pet projects upon the people, but acts as his name implies, as a counsellor. He serves as a link between the needs of the tenants and the existing facilities in the town.

If facilities are lacking, an attempt is made to establish them through co-operative effort. Where services and facilities are inadequate they are encouraged and their scope enlarged.

Began in Windsor

These activities were started in Windsor, the largest project to date, and a fine example of community teamwork has been shown. (Windsor is one of the busiest of Canada's industrial centres, 1,800 houses have been built or are in process of building and the houses are filled as rapidly as they can be provided.)

Already some two dozen groups are under way, including highly successful Boy Scout Troops, Girl Guides, Cubs, and Junior Sports Leagues for the children. Also included are Girls' Club, Boys' Club, C.G.I.T., Boy Explorers, Brownies, senior sports associations, recreation committees, a women's auxiliary, a ladies' social club, and a splendidly conducted and highly efficient A.R.P. organization, by-laws committee, garden committees, wartime sports association (10 softball teams), C.D.C. Posts 117-118-119-122.

In addition to these, more than a dozen more are now being organized. These will include a credit union, a consumers' protective association, orchestras, and dramatic and choral groups, a cooperative insurance plan, and boxing, wrestling, tennis, hockey clubs.

Perhaps the most interesting club yet formed is the Home Improvement Association. One of the largest groups, its aims and purposes are to raise the standard of living, the morale and community spirit of the neighborhood. To this group goes credit for the gardens and lawns planted.

In addition, another group, sponsored a victory garden. For this a large, unused, unimproved tract of land was set aside by the City of Windsor. It was ploughed and cleared, and a tenant committee elected to allot areas to those willing and anxious to grow their own vegetables and garden produce. Such gardens have done much toward improving the dietetic habits of the family and to relieve the additional burden of delivery and transportation facilities.

These activities centre around the Club House or Community Centre. Where possible a piece of land is set aside as a park or recreational area. Some equipment is provided when conditions justify it—swings, see-saws, slides, sand boxes and in the Windsor park a wading pool. So successful have these efforts been that the park in Windsor—Rossini Park—now enjoys the largest attendance of any park in the city, with an average of 1,000 children a day. Properly supervised play is provided through the co-operation of the Windsor Playground Association.

At the Field Day, held under the auspices of the Playground Association, Rossini Park won the pennant for 1942, getting prizes in races, sports, handicrafts and attendance records. This is an achievement of considerable merit and the people are justly proud of the success of their sports.

The Club House

In developments where the comparatively small number of houses does not justify the provision of a community centre, a house is set aside as headquarters for the group committees and small social gatherings. These have proved their value and it is customary to start with such a centre, even in the larger projects, until a real demand for increased accommodation makes itself felt.

Now another problem arose. Families had children.

There were dozens, hundreds of children, in numbers far beyond the capacity of existing local schools. And so was added another feature of the housing programme: the provision of schools for the tenants of the new houses.

Types of Houses

There are now a small four-roomed bungalow, a four-roomed bungalow with slightly larger rooms, a five-roomed bungalow, and a six-roomed house. Certain minor changes are introduced in different parts of the country because of varying climatic conditions. Heavier insulation where the weather is cold; wider eaves in the Pacific Coast developments where the rainfall is heavy, are examples.

In addition to this, continual revision of the original designs, based upon the experience gained from the houses already built in different parts of the country, constantly modifies the plans.

The word pre-fabricated has been applied to these houses. They should be called demountable. The reason for this method of building is obvious. If the houses have to be removed or torn down, the salvaging of material and the simplicity of removal for the purpose of rebuilding elsewhere is increased.

Designs and Materials

The design of the houses was based on several essentials. First, the best material for the least cost, yielding the best living returns. The choice of material was influenced by supply. Frequently shortages occur. For instance, 75% of our plywood is now being exported to Great Britain. (It is used to supply quick, temporary shelters in the bombed-out areas.)

Certain types of weather board, using waterproof glues which come from the United States, are no longer available. Shellac, a product which comes mostly from India, is practically non-existent today. Substitutes have to be found for all these.

As industry demands more and more electric power, shortages in this field have become evident. As a result no more heavy wiring may be installed for electric stoves or water heaters. The company has undertaken to provide coal stoves with water tanks on a rental basis if the tenants so desire.

The houses are provided with hot air heaters of appropriate size and design. There is no basement, but thorough insulation enables these houses to be kept comfortable and warm with the use of this hot air stove.

Enough Supplies for a City

The installation of heaters and stoves required over 34 miles of stove pipe—176,737 feet; and 23,740 elbows. 80,000 window blinds have been installed, using over 133,000 yards of cloth — over 75 miles.

Before a house was actually built, large quantities of lumber were assembled and jigs set up, representing the exact dimensions of the house. On these, all the various panels are made in quantity so that they may be taken to their respective places and assembled quickly and conveniently.

First Steps in Building

First the foundation posts are set in and on top of these the main beams which support the floor of the house above. Anchored securely to these beams are the floor panels. After these panels have been laid, the exterior wall panels are put in place, securely bolted together secured to the floor panels. In these panels also are the door and window sections and when completely assembled, the four exterior walls of the house are in place.

Inside the house the partitions appear dividing up the area into the various rooms. The large roof panels are added, completing the exterior shell of the house. Plumbing and wiring go in about this time.

All this time, of course, other things have been going on. Sewers and water mains often have to be laid; hydro and sometimes gas connections arranged. (In many cases these have been brought into the community for the first time.)

Now the insulation is put in. Often this consists of blankets of rock wool, secured between the two by fours, forming a protective layer between the outer panel and the inside wall. This makes the houses easy to heat in winter and correspondingly cooler in summer. Sometimes other materials are used instead of rock wool; an insulating board, for instance. But in all cases the insulating value is the same and is calculated according to the particular climatic conditions of the development.

The Finishing Touches

After the interior wallboard is in place, the inside of the house is painted, and the floors sanded and stained. The paint on the walls is a casein paint in pastel tones which makes a flat, pleasing finish and a good background for furniture and furnishings.

Further modification of plans makes it seem likely that the interior of the houses may now be finished with a semi-gloss oil paint. This will depend upon various factors — cost and availability of material. If possible it will make the interior maintenance of the houses simpler and more efficient.

Considerable effort has been made to make the houses attractive from the exterior, apart from the variety of material used in the exterior finish. The roads and gardens have been graded and levelled and some shrubbery or foundation planting and seeding has been done wherever conditions made it possible.

The Houses are Rented

With slight variations in different localities, the rents are $22 and $25 for the four-room bungalows, and $30 for the six room house. Some slight extra charges and differences occur in different parts of the country, dependent upon regional conditions and local wage scales.

The company goes far beyond the mere building of family houses. In addition, some 60 staff houses, accommodating over 5,000 workers, have already been built. In conjunction with these are 16 dining halls, completely equipped, and 16 modern kitchens.

At the Hamilton Men's Centre, for instance, there is a cafeteria, a large lounge, reading and writing rooms, recreation rooms for ping-pong and billiards, a tobacco, soft drink and candy bar, and bowling alleys. In most cases two men share a room and are each provided with a comfortable bed, clean linen, towels, clothes-closets, table, chair and other conveniences.

In addition to the family houses and staff houses, the company has put up some ten schools throughout the country and built three manning pools for the merchant marine, marine schools, administration buildings, a hospital, bunk houses, two Chinese quarters, special women's buildings, colored quarters and army bunk houses, recreation centres and many other buildings. More than 2,000 workers are accommodated in the 11 special bunk houses.

Staff House Equipment

Every building is completely equipped and includes bedrooms, lounge and writing rooms, dining rooms, wash rooms, showers and toilets.

Nothing has been overlooked to make these establishments modern and complete. In many of the larger staff houses, recreation committees function. In Hamilton and Welland, for instance, active sports groups have been organized. Lectures, concerts, dances and many other forms of leisure-time activities have been planned.

Wartime Housing Limited Has Big Purchasing Job

Providing four walls and a roof does not end the job of Wartime Housing Ltd. If a community is to be operated successfully a real community interest has to be fostered among the people living there. This well-rounded programme thus combines tangibles and intangibles. Among the necessaries Wartime Housing has required to date are:

Single beds	8,000	Bedroom chairs	11,000
Double beds	1,000	Waste paper baskets	10,000
Blankets	32,000	Mattresses	11,000
Sheets	42,000	Lockers	10,000
Pillow slips	21,000	Toilet soap, cakes	500,000
Towels	23,000		

Canada Northern Revenues Easier

Slowing Down of Gold Mining Operations Reflected in Returns

From Our Own Correspondent

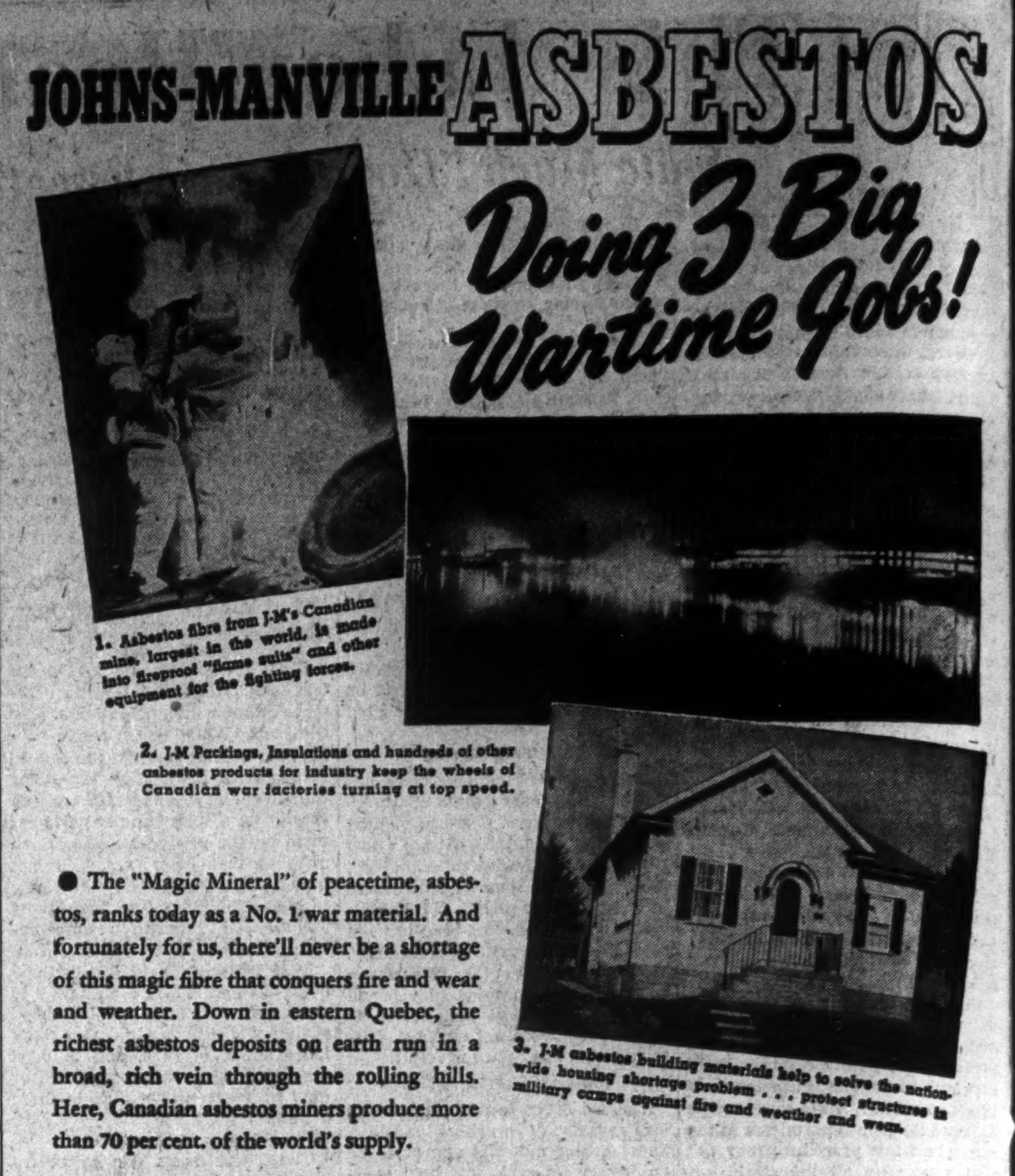
MONTREAL.—Steady falling off in gold mining operations continues to be reflected in the interim operating statements issued by Canada Northern Power Corp.

During September gross operating income was $59,295 lower than in the same month last year. Some $45,146 of this was picked up in savings, but net earnings at $251,575 were $14,149 lower than in September, 1941. In both cases the returns do not include provision for income taxes.

To the end of September this year gross income was off $372,741. Savings on operating expenses, before taxes, totalled $319,994, leaving net operating income at just under $2.1 millions, or $52,747 less than in the same period of last year.

	1942	1941
September	$	$
Gross income	364,988	424,283
Oper. expenses	143,413	188,559
Net earnings	221,575	235,724
Nine Months Ended Sept. 30	$	$
Gross income	3,409,030	3,781,771
Oper. expenses	2,062,217	1,666,807
Net earnings	2,062,217	2,114,964

Paton Manufacturing Co. has increased distribution on its common stock this year to $3.50 a share, as against $2 a year ago. This reflects continued capacity operations, resulting in a substantially higher dollar volume of business and profits.



Are You Paying Too Little or Too Much?

What is the Proper Tax For Your Business to Pay?

To answer the questions involved in today's complicated tax setup, Molyneux L. Gordon, K.C., Toronto, has written this new and authoritative series of articles for The Financial Post.

Mr. Gordon has specialized on tax questions, and is the author of "Digest of Income Tax Cases of the British Commonwealth of Nations," published by the Department of National Revenue, Ottawa, 1939 with one supplement 1937-39 and another to appear next April. Mr. Gordon is also the author of, "Digest of Excess-Profits Tax Cases of the British Commonwealth of Nations; 1942." Any of these works may be obtained on application to The Financial Post, Toronto.

Corporate Planning Cuts Taxes

Article Number Eight

By MOLYNEUX L. GORDON

If you desire to incorporate a new company to take over your business, substantial savings may be made by considering the question of tax before you determine the method of organization.

If the earnings of your business at the present time are not in excess of the profits earned during the years 1936 to 1939 (which is the standard period) it is much better from a tax standpoint to raise money by the issue of bonds or debentures rather than to sell preferred shares. In most cases the interest on bonds and debentures is considered an expense and may be deducted [1] from the profits. Consequently, you save a tax of 40% of the amount paid, while the Canadian Courts have held [2] that dividends on preferred shares are a distribution of profits and, consequently, such dividends cannot be deducted from profits.

Capital Employed

If the earnings of the business have increased since the standard period, any increased profits resulting from savings would largely be taken by tax. If your Excess Profits Tax is based on the amount of capital employed in the business, the increased allowance which you would obtain by having a larger capital represented by the preferred shares approximately offsets the advantage you obtain by being allowed to deduct the interest paid on bonds.

The holders of bonds and debentures are in a better position than the holders of preferred shares, because if preferred shares are redeemed at a premium [3] the shareholders must pay tax on the premium; but if bonds and debentures are sold at a discount and are redeemed at par, or sold at par and redeemed at a premium, the difference is considerad a capital profit and non-taxable.

Stock Dividends

Stock dividends may produce unfortunate results. Such dividends are deemed income and are taxable.[4] It frequently happens that, after a stock dividend has been declared, the value of the share drops and the market value of the combined holdings of any shareholder is about the same after the dividend has been declared as before it was received. But the shareholder is not in the same position because he will have to pay a tax on the value of the stock he received by way of dividend.

Unless the shares have a ready market, the policy of declaring stock dividends is usually expensive. In some cases practically the same benefit might be obtained without suffering any tax by dividing the shares into smaller denominations or substituting shares of no par value.

Taxing Capital Profits

If a company makes a capital profit by the sale of its office premises or by accumulating an exhaustion or depreciation reserve, the Canadian courts have ruled that any dividends paid out of such profits are taxable in the hands of the shareholders.[5] Mr. Justice Angers, in giving judgment, pointed out that the distribution of such profits might not be taxable if the company were wound up or reduced its capital. If, however, this procedure were followed and the company was placed in liquidation, the shareholders would have to pay a tax on any undistributed income.[6] The words "undistributed income" do not apply to profits made on the sale of capital assets.

If you are interested in a company which has accumulated large profits and you get a cash offer for the business, the proceeds when distributed among your shareholders will be taxable to the extent of the accumulated income on hand at the date of the sale.[7] You can save a good deal of money by selling the shares instead of the assets as any money obtained on the sale of the shares would be a capital receipt and non-taxable.

Distribution Among Shareholders

In case of the reorganization or liquidation of the company, any undistributed income divided among the shareholders is taxable, but if received by a creditor it is not taxable because the company has to pay its debts before dividing its profits.

If a company distributes among its shareholders assets which, if sold, would have created taxable income, the minister may determine the fair market value of such assets and tax the shareholders accordingly.[8]

If you intend to transfer your business to a company, do not accept stock for the full amount of the purchase price. Stipulate that the new company agree to pay part of the price in money or satisfy part of the same by delivery of securities which, by the instruments authorizing the issue of the same, are not entitled on being redeemed to participate in the assets of the corporation beyond the amount paid thereon and any fixed premium and a defined rate of dividend. Otherwise, once you have turned your assets over to a company, the earnings of the company will be subject to tax. Unless you reduce your capital or place the company in liquidation all other distributions are considered dividends and the persons receiving the same are subject to individual income taxes.

By following the plan which has just been suggested, you may obtain the proceeds of part of the business without paying a personal income tax, and this is particularly important if you should die and your executors are called upon to pay a large sum for succession duties.

Growth From Earnings

A large number of successful men start business in a small way by incorporating companies and very wisely have permitted the company to use its earnings for expansion. Such taxpayers frequently own very little in addition to shares in the company which they control.

If a man in this position dies and his succession duties amount to $50,000, it is important for him to realize that if his executors should liquidate the company they will have to pay a tax on all undistributed income notwithstanding the fact that such income has been used to acquire buildings and machinery. If this company pays a dividend it will require nearly $900,000 to pay income tax on this dividend and the amount required for succession duty, the calculation being approximately as follows:

How Taxes Grow

Normal tax of 7%	$ 63,000
Surtax on investment income	35,940
Graduated tax on dividend of $100,000	69,925
Graduated tax at raté of 85% on dividend in excess of $100,000	680,000
	848,865

If this taxpayer owns shares in a company which is able to pay a dividend of $900,000 it is probable that the valuation placed on these shares would be so high that the amount of his succession duty would considerably exceed $50,000.

Income taxes may be reduced by dividing the shares among his heirs and making payment of the succession duty in installments; but under any circumstances the tax would swallow most of his assets.

As death is bound to come sooner or later, **every taxpayer who owns shares which are not listed on any exchange and not readily marketable, is strongly urged forthwith to calculate the amount he will have to pay for succession duty and make the necessary arrangements to provide the same,** bearing in mind that the important point to consider is not the amount of succession duty but the income tax which your executors will have to pay on any dividend received from such shares.

COMPANIES—REFERENCES:

(1) Income War Tax Act, s. 5 (b); (2) Dupuis Freres Ltd. and The Minister (1927) Ex. C.R.207; (3) Massey's Executors and The Minister (1940) S.C.R. 191; (4) Income War Tax Act, s. 2 (b); (5) McConkey and The Minister (1937) Ex. C.R. 209; (6) Income War Tax Act s. 19; (7) Merritt and The Minister (1942) S.C.R. 269; (8) Income War Tax Act, s. 32 (b).

Standard Clay Products Seeks Bond Concession

From Our Own Correspondent

MONTREAL.—Standard Clay Products Ltd. has informed holders of its 6% first mortgage bonds that a meeting will be held in Montreal on Nov. 20 to vote on proposed changes in the trust deed.

The main purpose is to authorize a new issue of bonds of the same principal amount to be exchanged, par for par, for new bonds dated Dec. 2, 1942, and maturing on the same date in 1952. The bonds matured this year.

Other rights of the present bonds will be unchanged, except for special sinking fund provisions.

Your Income Tax

In this weekly column, The Financial Post answers problems you may have in connection with your business or personal income tax. In some cases, where official ruling has yet to be made, The Post can only site informed opinion.

Cashing Coupons

If a man's wife cashed some last year's bond interest coupons now, would they be considered last years income or this year's? Her income last year was below the taxable income.

The proceeds of these coupons would be considered part of this year's income.

Wife's Insurance

My wife took out some insurance on her life some years ago before our marriage. I have kept the premiums up ever since, as she has now no income of her own. Can I deduct the premiums on her policy from my compulsory savings the same as I would deduct premiums on my own policy?

Yes, as this policy was in force before June 23, 1942, you can set off against your compulsory savings the full amount of premium paid during the year less any dividends, policy loans or cash values you received.

Interest Payments

For several years I have carried a number of securities at the bank. In each year the carrying charges have exceeded the dividend return. In making out my income tax returns I have deducted as carrying charge interest only up to the amount of the dividends received.

Mr. Gordon's article in your issue of Nov. 7 says that where the carrying charges on one investment exceed the return, the excess can be deducted from other investment income.

1. Does this mean that I can deduct the excess interest charges on this group of stocks from dividends I receive on other stocks which are not pledged as collateral for this loan?

2. If I call the attention of the income tax authorities to my case will they give me a credit for any excess income tax I may have paid as a result of not making a full deduction?

1. It is understood you can deduct excess interest charges on one group of stocks from dividends on others not pledged as collateral for the loan on the first group. The principle followed is that in general total interest paid as a factor in earning your investment income can be deducted from your total investment income.

2. If you call the attention of the income tax authorities to your case they should give you credit for the excess income tax you have paid as a result of not making full deduction. Refund is subject, however, to the proviso that the application is made within twelve months of the taxpayer's receipt of notice of assessment for the year concerned. This notice of assessment is sent out by the income tax department after they receive your income tax return.

Son of 19

I have a boy of 19 who is still in high school. The income tax regulations, I believe, do not now allow me to claim any deduction for children over 18. But my son is not earning. Am I allowed any consideration for this?

As long as your son is at school or college you are allowed to deduct $28 from normal tax for him and $80 from graduated tax, until he is 21, provided he is wholly dependent on you.

Taxable Income

I notice in income tax articles sometimes two different expressions used. One is income and the other is taxable income. What is the difference, if any?

The term income includes: earnings such as wages, salaries, commissions, bonuses, pensions, superannuation, professional fees, directors' fees and business profits; the return from investments including interest, dividends, rents, royalties and annuities, and all other income including the income from an estate. It does not include capital gains such as profits from the sale of real estate, chattels, securities, etc., provided dealing in these is not your business. Nor does it include casual receipts such as gifts from other than your employer, indemnity for accident or sickness or damages to yourself or your property.

Taxable income is what is left after deducting from your total income, payments into approved superannuation or pension funds, charitable donations, and a portion of unusually large medical expenses. The pension fund payments deductible are those made under an employers' superannuation plan and the maximum deductible is $300. The maximum that may be claimed under charitable donations is 10% of your salary. Payments must be to organized charities and may include churches but not individuals. Medical expenses allowed are those in excess of 5% of your income for the year. The amount deductible is limited to $400 for a single person and $600 for a married person, with $100 extra for each dependent not exceeding four. The remaining amount is your taxable income on the total of which your normal tax is levied. Graduated tax is calculated after deducting the statutory exemption of $660.

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NEW PRESIDENT

Hugh H. Lawson has been elected president of the Canadian Woollen & Knit Goods Manufacturers Association. Mr. Lawson is executive director of York Knitting Mills Ltd. This industry is now producing a greater volume of cloth for military purposes than it did for civilian requirements before the war.

Saguenay Power Profit Higher

Both Output and Income Record Gain to End of September

From Our Own Correspondent

MONTREAL.—Operations and revenues of Saguenay Power Co. for the third quarter of 1942 were well in excess of the like period in 1941. Operating income was just short of $1.6 million, an increase of nearly $200,000 over last year. Net income at $355,470 compared with $212,375 in 1942.

Power generation of the Isle Maligne station during the third quarter was 751 million kw.h., which, with 42 million kw.h. received from other sources, permitted gross deliveries of 793 million kw.h. compared with 753 million kw.h. delivered during the preceding quarter. The aluminum industry is taking approximately 90% of the sale.

Low water conditions during August reduced the rate of production, but conditions improved late in the quarter and prospects for the fourth quarter are favorable, the company reports.

Three Months Ended Sept. 30

	1942 $	1941 $
Oper. revenues	1,576,587	1,385,040
Less: Op. exp., etc.	237,196	211,035
Misc. tax	81,913	107,024
Add: Other income	16,827	20,616
Total revenue	1,274,305	1,087,597
Less: Bond interest	349,620	362,271
Amortization	44,144	44,144
Exchange	42,705	87,576
Depreciation	180,920	183,980
Inc. taxes	301,446	197,251
Net income	355,470	212,375
Consolidated Earned Surplus	$	$
Previous balance	4,362,110	3,720,538
Net income	355,470	212,375
Total	4,717,580	3,932,913
Less: Pref. divds.	68,752	68,752
Common divds.	210,000	157,500
Surplus forward	4,438,828	3,706,661

Further
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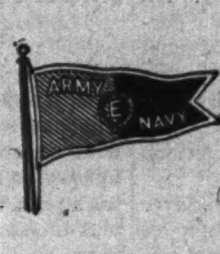
for
EXCELLENCE



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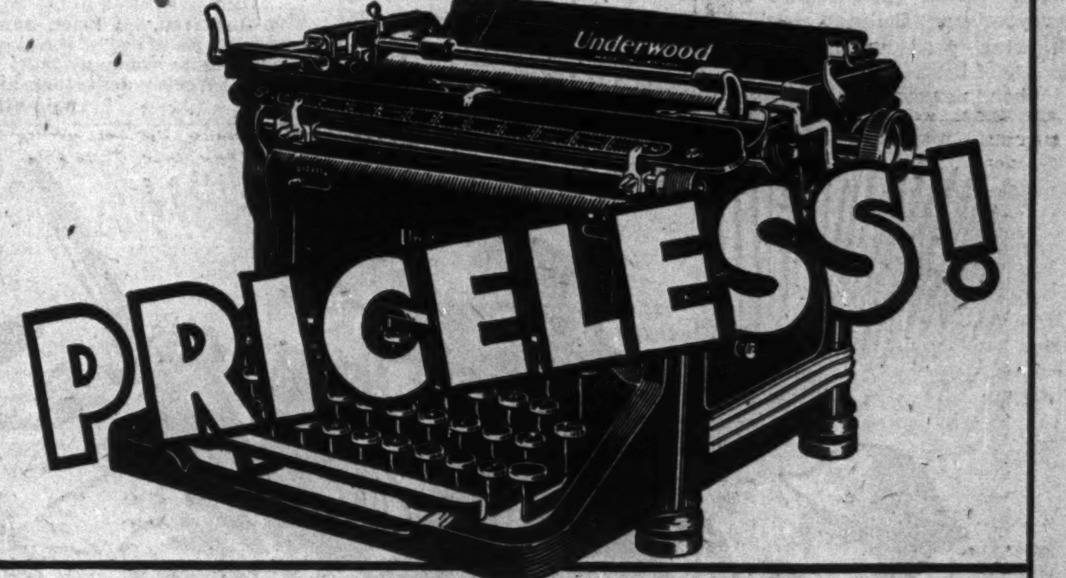

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FRED: "Who? Me? How does my insurance help finance the war?"

FRANK: "Why, brother, on an average, Canada's four million policy owners have premium savings of over $112 invested in war loans, enough to buy 18,000 of those battling Spitfires."

How can a dollar be in two places at once?

THAT'S easy, if it's an insurance dollar.

You put this dollar into an insurance premium, and you say to yourself, there's my dollar, as safe as a church.

And so it is.

But if you think that your dollar just sits still in a big vault and twiddles its thumbs until you're ready to take it back in some form of benefits—either for yourself or your family—you're mistaken.

If you looked for that dollar you'd find it was busy.

You'd find that that dollar has gone to war! Just where you'd want it to go.

Your premium dollars, and millions of others, have been loaned to your government to help carry our arms to victory.

Instead of these dollars in the vault, there is a pile of War Bonds. And they are as safe as a church, too. All the enormous resources of Canada are behind them. There is no safer investment in the world.

That is why over another hundred and fifty million dollars of insurance savings have been invested by life insurance companies in the latest Victory Loan—making a grand total of over four hundred and fifty million dollars in war bonds. And that's an average of over $112 so invested for every insured person in Canada.

So you can feel doubly happy about every dollar you have put into insurance. It protects you and your dependents—and at the same time it helps to protect the whole nation—by supplying the tools of victory.

Victory is everybody's business. Everyone should work, save and lend to the limit.

IT IS GOOD CITIZENSHIP TO OWN LIFE INSURANCE

This message is sponsored by Life Insurance Companies operating in Canada

Personnel Plan in Action

In a Woodbridge Cotton Converting Plant a Simple and Personal Employee Relations Programme is Proving Itself in Operation.

By ROBERT C. STARK

This is about Dick Wilcox and his job.

There isn't anything spectacular about Dick. He started to work with W. Robinson & Son Converters Ltd., 14 years ago; now he's a foreman at their Woodbridge, Ont. plant. Dick likes his job; he feels that he is working with—not for—Robinson's.

That 14-year record of service with Robinson's is not unique; among the 120 employees at this plant you can find plenty of others with records almost as long. Talk to these old-timers and you catch something of the pride that they have in their daily job.

100% War Output

Right now the workers at Robinson's are turning out an average of 100,000 yards of cloth daily. All of that production is for war purposes. Materials for shirts, ground sheets, tarpaulins, anklets—practically every type of fabric that a soldier, sailor or airman needs comes pouring out at a 35 million yards a year rate.

Robinson's say that an employer usually gets the type of employee he deserves. To deserve good employees a management must maintain a constant interest in the conditions under which they work. Robinson's make that interest sincere, direct and personal.

Company Housing Scheme.

Dick lives close to the Woodbridge mill in a snug, attractive blue-shuttered, all brick home that was built for him by the company. He is one of the management-approved employees who can purchase company built homes out of the weekly pay envelope.

The weekly deduction is figured on a basis that will see the house paid off at the end of 20 years. Dick hopes that he and the wife will be able to save enough to clear off the balance long before their house is 20 years old.

The scheme costs Robinson's money; the weekly rental charges are in keeping with ordinary rentals without considering the ownership privileges, thus do not cover the actual cost and carrying charges.

Working Conditions

Robinson mills have much modern equipment; working aisles are wide, free of encumbrance and swept clean. Ceilings are high, allowing good ventilation and plenty of light.

When newcomers enter that plant they are given a booklet detailing Robinson's working policy. They are told: "Do not hesitate to ask questions about our business. Learn all you can and don't be shy about it. Our old-timers will be only too glad to help you." Workers are encouraged to learn what happens to each piece of work before and after it passes through their hands. Robinson's boast is that it has the most co-operative group of workers in the industry.

Higher Pay

Existing Ontario wage minimum for this industry is 25 cents an hour for girls, 35 cents for men, with no premiums for overtime, Sunday or holiday work. Robinson's pays well above those rates plus time and a quarter for overtime.

Being a foreman, Dick is ineligible for the Employee's Committee at Robinson's. Each division of the plant annually elects workers from among the rank-and-file to make up the Employee's Committee. Walter Lingard, operator of one of the finishing machines, is chairman of the Committee. Walter has been with Robinson's for eleven years. He figures that he is with a pretty good company.

Regular Meetings

The committee talks over everything concerning the plant, including wages and working conditions, with the management at regular monthly meetings. If anything crops up between meetings that can't be straightened out with plant superintendent Bill Robinson, all Walter Lingard has to do is pick up the phone and call W. W. Robinson, general manager, in Toronto. Walter tells a story that recently the Employee's Committee sought a pay boost that was barred by the wage freezing order. Committee representatives talked it over with provincial officials and right along with them trying to get them permission for a raise was W. W. Robinson.

Much of the close relationship that marks the Robinson organization depends on this easy accessibility of the management to the individual worker. Aim is to have a strong family spirit throughout the whole set-up. To foster team work, management has to keep in close contact with its working force. If an employee wants to see superintendent Bill Robinson he just walks into his office.

Workers are asked to think of the organization as a living, breathing, organism. The mills are the heart, management the brain, sales group the nervous system and office group the muscular system.

The personal interest is furthered in some very tangible forms. Each Christmas there is a cash gift for each employee. A worker who has been with the company for over one year is entitled to two weeks' holiday with pay. These workers also qualify for sick pay which starts after one week of absence due to properly authenticated illness. After six months of service with the company it is felt an employee is likely to continue as a full time member of the organization. After such a period regular pay deductions are made under a pension plan that ensures the employee a weekly pension at the retirement age of 65.

Work Without Watchers

Dick Wilcox follows the company rule that foremen are not to supervise workers too closely. Employees are put on their honor so that they may work without watchers. Similarly they are put on their honor not to overstay the ten minute allotted time for their twice-daily rest periods. No check is made on how long they actually take for these periods.

During those rest periods workers can get refreshment from the plant lunch room which is operated by the company on a non-profit basis. Recognizing this as a possible fertile spot for gossip, Robinson's advises its workers not to listen to "they say" chatter, never to repeat gossip that is unkind or critical of a fellow worker. If there is something really wrong, it should be reported to the proper person in charge, goes the advice, and not just talked about with other workers in time-wasting gossip.

Individual's Importance

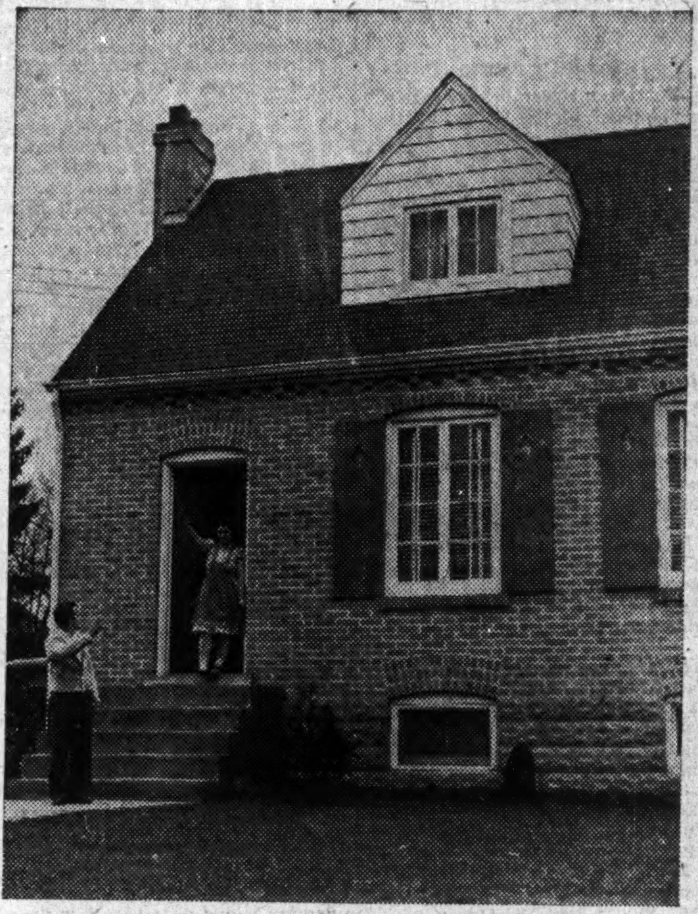
Heavy emphasis is placed by the Robinson management on the importance of every worker to the general success of the company. Stress is laid on the fact that it takes the combined efforts of the whole organization to reach the goal of production of perfect cloth.

Cotton converting is a complicated series of operations. It starts with the growing and picking of raw cotton which is then spun into yarn. The yarn is woven into base cloths which are passed through many processes and are finally converted into finished fabrics. There are hundreds of different types of finished cloths. In that long production line many opportunities for cloth to be spoiled crop up. Robinson's say: "Don't think 'My job isn't very important, it's just routine.' Your job is important and good routine work is vital to the success of our business, the production of perfect cloth."

Worker Responsibilities

It is plainly explained to the workers that they, along with the management, have definite responsibilities. It is the responsibility of the owners to see that employees have good working conditions, are given fair play, are allowed a chance to share in a pension plan and are given a chance to talk over plant problems with the management fully and without prejudice. In return, the workers have the responsibility of pulling their weight honestly and enthusiastically at their daily job.

This is the basis upon which one Canadian company has founded its employee relations programme. It is a programme that is working and paying dividends in satisfied employees, honest work and steady production.



"... Dick lives close to the Woodbridge mill in a snug, attractive, blue-shuttered, all brick home that was built for him by the company. He is one of the management approved employees who can purchase company-built homes out of the weekly pay envelope." Weekly deductions are on a basis that will see the house paid off in 20 years.

Robinson's believes in having its employees work without watchers. To help them like their jobs there are modern machines, good lighting, good ventilation, uncrowded working conditions. Shown is one of the finishing machines at the Robinson plant in Woodbridge, Ont. This machine imparts the final "finish" to the cloth before it is made up and sent out.

Revive Talk to Set Up B. C. Steel Industry

Campaign Resumed For Establishment of $16 Millions West Coast Steel Mill; May Go to Legislature

From Our Own Correspondent

VANCOUVER.—Fresh efforts are being made to establish a west coast steel industry and to win the financial support of the B. C. government in taking preliminary steps toward establishment of a fully-integrated mill, costing an estimated $16 millions.

Shipment of some 5,000 tons of scrap metal east every month from B. C. while only about 1,000 tons of the accumulated scrap is retained for utilization by foundries and other plants doesn't make sense to those who would like to see British Columbia embark on an ambitious steel project.

The Vancouver city council has been taking the initiative in organizing a campaign, and there is little doubt but that it will be carried to the provincial legislature when that body assembles some time in January.

Federal Affair?

A few members of the legislature would like to see the provincial government invest in a steel mill. Others notably Howard Green, M.P., believe that it is more a matter for the federal government to tackle and he claims that Ottawa has already subsidized the Steep Rock iron development to some extent by agreeing to build a railroad spur line to the mines.

Best informed opinion is that efforts to launch a major steel enterprise on the coast at this time would be abortive. There isn't enough labor here for industries already established and there would be great difficulty in obtaining delivery of the required equipment. If British Columbia were to get a wartime steel plant, construction should have started at least two years ago.

But the requirements of British Columbia industry could be satisfied in a much more practical way if steel mill enthusiasts were to concentrate on a more modest plan, it is said.

A plant costing barely a fraction of the $16 millions required for a fully integrated blast furnance project would provide for the province's immediate requirements in bars, rods and forms and lessen the west coast's dependence on already congested eastern mills.

Proponents of the plan say that this need not blur the postwar picture of a steel mill making use of the iron deposits of Zeballos, Quinsam and Texada Island and the nearby resources of limestone, coal and waterpower. But such an enterprise, most manufacturers agree, should wait until pressure has been relieved from the supply of manpower and equipment.

Mansfield Theatre Co. Leases Property

From Our Own Correspondent

MONTREAL. — Shareholders of Mansfield Theatre Co., which owns Loew's Theatre in Montreal, have accepted the amended offer of Consolidated Theatres for a 10-year lease at $60,000 a year.

Representatives of Famous Players Canadian Corp. Ltd., who were at the meeting announced they would not vote the shares of Mansfield held by the corporation. On this account Famous Players shares, numbering 5,685 and carrying control, were not voted.

Investment Notes

Lake of the Woods' tax bill last year was twice the amount paid to shareholders in dividends, Brig.-Gen. F. S. Meighen told shareholders at the annual meeting. No indication was given as to earnings since the start of the new year, but the president hoped that a satisfactory showing would be made.

• • •

Catelli Food Products is expected to continue paying its preferred dividend. Some restrictions have been imposed on the packing of pork and beans, but loss of trade in that direction has been compensated in part by an increase in output of noodles. Domestic business, moreover, has shown an improvement.

• • •

Canadian Industrial Alcohol's current dividend of 25 cents a share, brings payments for the year up to 35 cents. During 1941 the company paid two dividends aggregating 25 cents a share.

• • •

Canadian Oil Companies has declared an extra dividend of 20 cents a share on its common stock, payable Dec. 15, 1942, to shareholders of record Dec. 1. This is the same amount of extra dividend as was paid a year ago. The regular 25c. quarterly dividend will be paid Nov. 16 to shareholders of record Nov. 2. Total dividends for 1942 will amount to $1.20 a share, same rate as paid in 1941.

FIGHTING WORDS....

A commanding officer, addressing his men prior to engaging the enemy speaks to them in language they can understand. He uses forceful, encouraging words — words which inspire — FIGHTING WORDS.

Fighting words of quite a different nature but equally plain and constructive words, are being issued through the medium of industrial newspaper advertisements and editorials. These fighting words prepared by experts of the drafting room and production line, are playing an important part in the Battle for Freedom.

They are blunt, informative descriptions of new processes, new ways of using equipment — technical data carefully prepared to help technical men increase their efficiency — that one man may do the work of two and one machine the work of several. Suggestions are made and the way shown for the substitution of non-essential materials for materials which are almost non-existent. Thus is the knowledge of our mechanical leaders shared and increased.

These fighting words which are helping Canada to build and maintain a strong industrial production are also building lasting goodwill and prestige for the wise advertisers who are using this "Tell How" form of advertising.

No. 1 of a series of Advertisements on "Fighting Words".

SAMPLES OF CURRENT "WIN THE WAR" ADVERTISING TAKEN FROM THE CURRENT ISSUES OF LEADING INDUSTRIAL NEWSPAPERS .....

- A builder of standard lathes gives detailed information showing how a manufacturer of aircraft engine parts increased production 142% over former methods and gives practical details regarding tooling and set-up. He shows that by using this particular set-up two men and two machines were able to do the work formerly done by three men and three machines.
- A manufacturer of turret lathes in his current advertisement of a series dealing with "Tell How" advertising gives detailed data showing how many hours were saved by a practical tooling set-up which allowed another manufacturer to get ahead with a very important job which would otherwise have been held up for days.
- In another advertisement, a manufacturer of welding apparatus describes six methods of getting greater production and higher quality work from existing equipment. This is one of a series of advertisements appearing in leading technical journals which is making a great contribution to the war production programme.
- Steel is more precious than gold these days and one advertiser shows a process of building up worn or broken parts, with a surface of even greater toughness than the original. Obviously this means a great saving in man hours as well as saving tons of steel for Canada's war-effort.
- Readers of an aviation publication are told how to increase aircraft production by 200% through the use of multiple rivetting.
- An advertiser in an engineering publication shows examples of repair work done and describes a 40-page handbook full of similar helpful suggestions for the safeguarding of vital equipment which today cannot be replaced.

If you have production problems in your plant and your key personnel are not reading the advertisements and editorial material in the technical paper serving your field, you are overlooking an opportunity for getting greater efficiency with your present staff and equipment.

If you are a manufacturer with a product to sell to the mechanical industry and are hesitating about advertising because of the difficulty you are having in making deliveries, or for any other reason, we suggest you get in touch with our representative who will be pleased to offer helpful suggestions.

We invite you to write for a sample copy of the publication in which you are most interested and which are listed below.

INDUSTRIAL NEWSPAPERS DIVISION OF
MacLean Publishing Company Limited
Canadian Machinery — Canadian Automotive Trade
Bus and Truck Transport — Modern Power & Engineering
Canadian Printer and Publisher — Canadian Advertising
Canadian Shipping and Marine Engineering News
Canadian Aviation
TORONTO MONTREAL NEW YORK CHICAGO LONDON ENG.

Publishers also of
Maclean's Magazine
Chatelaine
Canadian Homes and Gardens
Mayfair
The Financial Post
Men's Wear Merchandising
Stylewear
Canadian Grocer
Hardware and Metal
Le Prix Courant
General Merchant of Canada
Canadian Paint and Varnish Magazine
Sanitary Engineer
Plumber and Steamfitter of Canada
Bookseller and Stationer
Drug Merchandising
Canadian Hotel Review and Restaurant
Plant Administration

THE FINANCIAL POST

Largest Circulation of All Canadian Financial Papers

Vol. XXXVI | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, NOVEMBER 14, 1942 | 10c a Copy; $5.00 a Year | No. 46

What Republican Gains May Mean to Canada

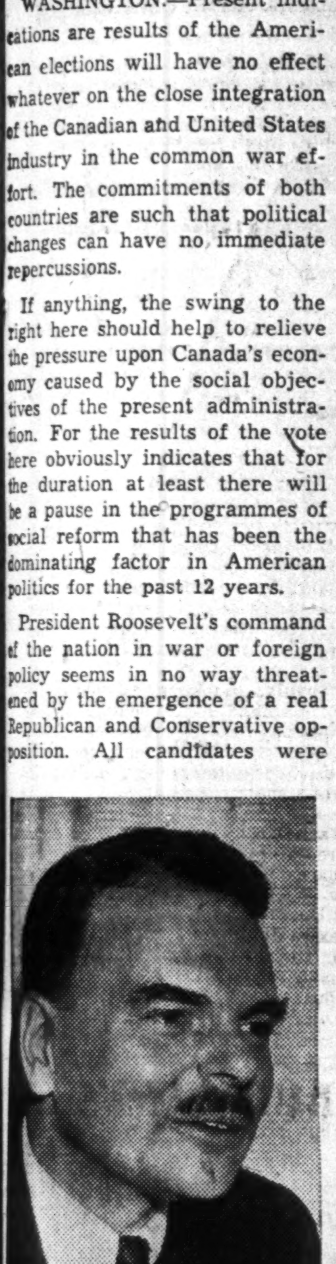
Expect Gain in Strength to Bring Pause in New Deal Legislation — Some Observers Fear Revival of Isolationism With Return to Office of Leading Opponents of U. S. Entry in World War II.

By ROBERT T. ELSON

WASHINGTON.—Present indications are results of the American elections will have no effect whatever on the close integration of the Canadian and United States industry in the common war effort. The commitments of both countries are such that political changes can have no immediate repercussions.

If anything, the swing to the right here should help to relieve the pressure upon Canada's economy caused by the social objectives of the present administration. For the results of the vote here obviously indicates that for the duration at least there will be a pause in the programmes of social reform that has been the dominating factor in American politics for the past 12 years.

President Roosevelt's command of the nation in war or foreign policy seems in no way threatened by the emergence of a real Republican and Conservative opposition. All candidates were



Election of Thomas E. Dewey to the Governorship of New York State is regarded in some quarters as an alarming victory for old-line, isolationist Republicanism.

pledged to war until victory and what Governor-elect Thomas E. Dewey of New York state called "unswerving loyalty to the commander in chief."

New Dealers Outnumbered

But on the domestic front the "New Deal" has suffered a severe check. The campaign for social gains will probably have to be suspended — or as another commentator put it: "There will be a pause while the nation absorbs the reforms already established."

Certainly it is true that Republican and conservative southern Democrats, who are even more ruggedly individualistic in their outlook than their Republican counterparts from the northern industrial states, now outnumber the New Dealers in both houses.

It is rather ironic that at the very moment when Conservatives appear to have regained the balance of power in American politics the force of events is driving the U. S. toward what Ernest Kanzler, director-general of operations, for the War Production Board told businessmen will be the "most rigidly controlled economy it has ever submitted to."

In other words, here as in Canada, the trend toward control and regimentation cannot be reversed for the duration. Events beyond the political arena are in control.

That does not mean the election result will not profoundly affect certain administration policies.

Labor Under Fire?

Labor, for instance, will find that its special position is under fire. The new Congress is less likely to be restrained by pressure from the White House in writing wartime limitations on labor's right to strike and the 40-hour week which helps swell war paychecks.

If labor does not voluntarily cooperate with the President it will find itself involved in a fight in both the new House and Senate.

Objections of the major labor unions to compulsory manpower mobilization will probably have to evaporate. They will have to accept the new wage rulings of the War Labor Board without recourse to strikes or find themselves up against even sterner laws. There will be firmer dealings probably by governmental agencies on wage policies, working conditions and less protection afforded the unions.

Canadians can expect also to see pressure developing on the new Congress to repeal New Deal measures like the 40-hour week and the Wagner Act, which those on the right have always contended favored the unions at the expense of the employer. It is questionable—in spite of the pressure and propaganda — whether either move can succeed.

President Roosevelt denies there is a "40-hour week." But the issue is whether labor shall be paid overtime for the additional eight hours over 40 hours as now required, and for such other overtime as is needed in war production. Industrialists say that it is a limitation on their employment of full manpower.

But in repealing such provisions you come up against the fact that for millions of Americans who are already drawing pay of 40 hours and eight hours overtime a change in the law means a reduction in their paychecks. And this at a time when so-called "boom" conditions apply. This is a terrific problem in civilian morale and practical politics. Congress may yet duck this issue for all the strong talk.

The Wagner Act may be subject to some modification but repeal is unlikely. After all these years collective bargaining has become part of the law in this country and it is here to stay. So are most of the other reforms like the Security Exchange Commission, the social security laws and the whole framework of the original New Deal which was so bitterly fought during the early days of the Roosevelt administration.

Another thing to remember about the election here is that while the conservatives have gained what appears to be control over the legislative branch, the executive branch, which is at least co-equal in the American system, is still staffed largely by men who share Mr. Roosevelt's economic views. Only the election of a new president can change this fact.

Thus while there will be a pause in the New Deal the elections have not overthrown it. Only if the Republicans can draft a dynamic programme and carry out constructive opposition can they hope to advance from this point.

Republican Record

But from the international point of view, the greatest significance to the election was the revival of the isolationist party in the United States. Wrote one New York observer to The Financial Post:

"Granting that there is some dissatisfaction with the conduct of the war, that it is an off-year election with the usual political turnover, it is in my opinion ominously apparent that this country is in danger of repeating its performance of 1920. Not just one or two, but all of the most vicious isolationists have been returned to office. Dewey is at best another Harding. Unless this tendency is checked, it is 'Good Night, Nurse,' for the United Nations when peace comes."

Whether or not that view is too gloomy, the record of the Republican party is not reassuring to internationalists, in or out of the United States. Here is how the Republicans voted on major issues:

Against fortification of Guam, 137 to 13; against Neutrality Act amendment to ship arms to Britain, 151 to 5; against Selective Service (i.e. for the Fish amendment), 140 to 23; against the stabilization bill, 132 to 4; against extending the service period of draftees, 113 to 20; against repeal of neutrality, 137 to 22; against seizing idle ships, 100 to 55; against the price control bill, 84 to 67.

Against that can be set the tremendous popularity of Wendell Willkie, a popularity that was certainly not based on traditional isolationist Republicanism.

One hopeful augury on the U. S. political horizon is the continued popularity of internationalist Wendell Willkie. Although Republican isolationists have been returned to office, it cannot be proved they were returned as isolationists rather than as Republicans. And Republican fortunes ceased to ebb as soon as Wendell Willkie swept the presidential nomination away from Thomas E. Dewey a year and a half ago. Since then Willkie has continued to flaunt old-line Republicanism.

African Drive Hits Nazi Breadbasket

Of far-reaching significance on the United Nations' economic front is the invasion of French North Africa.

Most important result may be the elimination of the detour Allied shipping has been forced to follow around the Cape of Good Hope. A saving of up to 8,000 miles or roughly a month's steaming time for the ordinary cargo boat will be possible if and when the Mediterranean route is reopened.

But diversion of mineral production from the war machine of the Axis to that of the United Kingdom and placing of the large North African breadbasket under Allied control is of key importance.

In iron ore the Axis will lose an annual production of 4 million tons—roughly twice what Canada's steel industry uses a year—three quarters of it in Algeria. Already short of **manganese,** Hitler will lose 90,000 tons a year from Morocco—enough to alloy all the steel Canada produces with some to spare.

Lead is not dangerously short among the United Nations but Tunisia's 50 million pounds a year—equal to 12% of Canada's pre-war total—will be a heavy loss to the Axis.

The wheat from French North Africa—about 40 million bushels a year—is about twice the normal wheat production of Ontario. To wheat-rich United Nations, this production may not seem significant—but along with dates, oranges and olives produced, it has been playing an important part in maintaining Axis strength and morale. These products may still reach Europe but in future it may be possible to ensure that they reach starving Frenchmen and Greeks, not be diverted to the Nazis.

Dollar Sign Buried?

How we are keeping out of the red with the U. S.

By KENNETH R. WILSON

Up to now Canada has been one of the few United Nations to keep her account with the United States out of the red. We have done it through heavy exports of normal production — gold and pulp and paper—by drastic slashing of our normal purchases, and by a rising tide of exports of munitions and war supplies.

But from now on, with gold exports and sales of forest products tapering off, with our purchases from the United States already cut to bare essentials, and with our demands for U. S. war supplies and materials greater than ever, we are leaning ever more heavily on shipments of war goods to balance our exchange.

If we could count on a continuation of these exports, there would be few fears as to our exchange future. But some of the materials in them come from the United States, may not be as readily available in the future. In short, the last prop may be knocked from under the Canadian dollar shortly, and Canada may have to go into debt.

Pay in War Supplies

It is now reported that actual deliveries of munitions and supplies to the United States under Hyde Park are running at a rate of more than $500 millions annually.

So long as deliveries can continue at or about this very substantial rate, there is no very real concern here that either a decline in gold or newsprint exports or both will materially affect our exchange position.

So far as the United States is concerned, the key to the exchange problem is the Hyde Park Agreement, plus (up till now) newsprint, wood pulp and gold exports. Newsprint, wood pulp and gold exports alone have netted us $400 to $500 millions of exchange annually since war's outbreak.

But newsprint and wood pulp exports are due to be cut—perhaps drastically—in the next 12 months. The preliminary order issued a few days ago, "freezes" production at the monthly average of the period April to September, 1942. Further curtailment is expected.

In gold mining, the present curtailment programme, plus the earlier and continued drift of manpower away from the mines, has already cut gold receipts at the Mint by 8% in the first eight months of the year. August receipts were 16% below the corresponding figure of last year.

In the case of Britain, our billion-dollar gift (it will probably be a billion and a half by fiscal year's end) has side-tracked our dollar-sterling problems. We don't accumulate unpaid sterling bills any more. We fill Britain's needs and charge the bill directly to the Government of Canada.

There are, however, two new and important factors which are entering the picture. Briefly, they are:

1. Increasing pressure from U. S. interests that Canada accept supplies of necessary or "desirable" goods which this country needs and which are in abundant supply in the U. S. (A case in point is peanuts and other food items).

2. The prospect that when Canada comes to renew many of the original contracts made with the U. S. Government under Hyde Park, there will be increasing resistance to renewing these contracts because of short supply of strategic materials and the fact that U. S. manufacturers have meanwhile swung into huge mass production on these items.

The case of peanuts is a typical example of the pressure which is being exerted on Canada to open up her import barriers and bring in a considerable amount of merchandise which is still in abundant supply in the U. S. and unavailable here. In some parts of Canada, peanut butter is a staple item of the family diet. To meet this need, Canada has been seek-

So far Canada has been able to balance exchange dollars with the United States, largely through normal exports plus shipments of munitions which are "bunching" over the next six months. When these contracts are filled, will they be renewed, or will we have to go into debt to keep our war machine running?

ing peanuts in other parts of the world since she banned importation from the States for reasons of dollar exchange. A large shipment recently arrived from India.

Peanuts on the Cuff?

United States authorities are reported to have objected to this as an unnecessary and wasteful use of shipping. "Why not," they argue, "import from our abundant crop of southern peanuts?"

When Canadian authorities reply that southern peanuts are expensive both to purchase and to transport to Canada by rail (as must now be done) the reply comes back: "Stop worrying about the dollars. That's old stuff. You buy the peanuts. Don't bother about the dollar sign."

A similar argument is said to have been put forward in regard to a considerable number of food items which were banned by Canadian authorities early in the war and which are now scarce in Canada and plentiful in the United States.

So far as some of these items are concerned it would not be surprising to see the barriers lifted quietly one by one. So far as peanuts and items which require international shipping space, part of the answer may be found in the success which meets United Nations efforts to open up the Suez Canal to Allied vessels and thus eliminate the long Cape journey.

The immediate effect of opening a "second front" in the Mediterranean will probably be to tighten the shipping situation since it is to be expected that for a time at least, all available shipping will be required to supply reinforcements, etc. to that area. Once the battle requirements are met and the Suez and Gibraltar cleared for United Nations use, the amount of shipping available might be expected to increase.

Will We Lose Our Market?

So far as the Hyde Park agreement is concerned, one of the biggest arguments in Canada's favor when contracts were placed initially in 1941, was the fact that this country was already in production on a number of items of war supply urgently needed by the United States and the United Nations. When these contracts come to be renewed, it is argued that there will probably be considerable resistance to placing the renewal in Canada if necessary raw materials are in short supply and U. S. plants are in production on a huge, mass-output basis.

Perhaps this is only an academic fear. But evidence is already said to be accumulating that some differentiation is being made between Canadian and U. S. priority on identical items. Canada must be content with a lower priority. What may happen during the latter part of 1943, when more situations like this are liable to develop remains to be seen.

In brief, there seems to be at Ottawa considerable confidence that Mr. Ilsley's prophecy for 1942-43 (fiscal year) still holds good—namely that Canada need not presently worry about having enough U. S. dollars to balance her wartime material requirements. Even if dollar exchange from newsprint and gold exports decline appreciably, the cumulative effect and the present "bunching" of Canada's war exports under Hyde Park is ample. As well, there is (currently) ample assurance from across the border that Canada will not lack for U. S. dollars to meet her war requirements.

What about non-war transactions?

In view of the very favorable cumulative effect and present "bunching" of deliveries under Hyde Park, it is probable that Canada has now an actual favorable balance of trade despite the falling off in newsprint and gold exports. It is possible that one or two exceptions to the present list of items banned under the War Exchange Conservation Act may be made.

Magnesium Flares Light Path to Victory

Canada Takes Lead in Miracle Metal Race, Lays a Solid Foundation For a New Industry.

By IAN SCLANDERS

"Catch it," he said, throwing a chunk of metal twice as big as a brick.

It was as light, almost, as a block of wood. It was magnesium, the new miracle metal, now being distilled from rock in a tiny backwoods hamlet in Ontario.

There's a magnesium boom on. One pound of magnesium will take the place of two or three pounds of steel. It is needed to lighten construction of aircraft and give them added range and carrying power, so they can drop bigger bombs on more distant targets.

It is also needed for flares and incendiary bombs.

If some of our foremost designing engineers are right, and we are on the doorstep of a new age of light alloy metals which will see unnecessary weight removed from everything that rolls on wheels, the post-war uses for magnesium will be endless. The automotive industry, for one, will want tremendous quantities.

Hard to Extract

Magnesium is found nearly everywhere. Each cubic mile of sea water contains nearly six million tons. Dolomite and a long list of other common rocks are loaded with it. The only reason it has not long since come into general use for everyday articles is that it is one of the most difficult metals in the world to extract.

But now, because of the pressure of war requirements, and because scientific advances have simplified its recovery, there is a race to build plants which will produce this metal. Across the border, magnesium mills are going up in California, Michigan, Ohio, Nevada, Texas, Connecticut and in New York.

Canada's colors in this race are carried by the plant of Dominion Magnesium Ltd., at Haley's Corner, a few miles from Renfrew, Ont.

We are well out in front. The Haley's Corner development is now recovering five tons of metal a day, will soon be recovering eight tons, and by the turn of the year will be operating at peak capacity of 10 tons each 24 hours.

That's enough magnesium to fill 10,000 incendiary bombs, or make flares that would turn night into day over the fighting front, or provide 1,000 pounds of lighter-than-aluminum metal for each of 20 aircraft.

Sprawling over what, this time last year, was a farmer's field, the Ontario plant cost $3 millions of government money and is the first to put into commercial operation the magnesium distilling process of Dr. Lloyd Montgomery Pidgeon, 39-year-old Canadian scientist.

It is expected that it will be able to produce magnesium for less than 20 cents a pound.

The success of this unit—which now seems assured—will have far-reaching significance for the United Nations war effort. In the United States, more than $30 millions is being spent for five magnesium plants which use the Pidgeon process and are designed for a total daily capacity of 135 tons. If the Haley's Corner mill measures up to expectations, so will these others. The scramble to multiply the output of one of the most critical metals on the list will have gone "over the top."

The method of extracting magnesium at Haley's Corner can be likened, in some ways, to extracting alcohol from mash.

The plant is literally perched on top of its raw material. The dolomite is quarried at the "back door," comes out the "front door" as metal.

The rock is carried by a conveyor belt through crushers which grind it fine, then enters a rotary kiln 150 feet long. A tall man would have no trouble walking upright through this kiln. It turns slowly as a high temperature calcines the rock, driving the carbon content, nearly 50% of the weight, off in the form of gas.

How It's Treated

Calcined dolomite emerges as powder, is then mixed with ground ferro-silicon and molded into briquettes small enough to fit in the palm of your hand. These are packed in metal cannisters, spend the next three hours travelling at a snail's pace through an oven which preheats them, and finally go to the retorts.

The cannisters are tipped over chutes which carry the briquettes into the retorts, where they remain for the next eight hours under a vacuum at a carefully controlled temperature of 1,100 degrees. Each retort has a water-cooled sleeve. As the magnesium is distilled, as vapor, it is drawn to the sleeve, where it crystallizes into beautiful crystal patterns. When the sleeve is removed from the retort it is crusted thick with magnesium crystals, brighter and shinier than new silver.

These are chipped off, melted under a flux which prevents them from igniting, and poured into ingots. It's odd to see men carrying big ingots of the metal, and doing so with no straining or grunting. If the ingots were iron, these men could hardly lift them.

One virtue emphasized in the Pidgeon process is its safety. Magnesium is difficult to handle; in some forms it will burn easily with terrific glare and heat. It's the ingredient in the incendiary bomb that does the dirty work. Ribbon or powdered magnesium, in flares, gives off millions of candlepower of light.

Night fighting was revolutionized by magnesium pyrotechnics during the last war, when troops trying to sneak across No Man's Land in the dark would suddenly find themselves in dazzling light. In the present war the flares have illuminated targets for bombers.

In spite of the way it will burn, there is no more danger working with magnesium at the Haley's Corner plant than with any other metal. One of the men on the melting pot, formerly employed at a copper mine, said it was safer than working with copper.

So simplified is all the equipment—automatic to such a great extent—that unskilled help, mainly farmers from the surrounding countryside, can do the majority of jobs. Pyrometers watch that the temperature of the furnaces remains constant.

In solid form, for use in aircraft construction or to take the place of heavier metal elsewhere, there is little danger of magnesium igniting.

Dr. Pidgeon has a way of demonstrating that in his laboratory. First he takes a piece of wood about an inch thick and burns a hole through it in a few seconds with an oxy-gas torch. Then, without changing the adjustment of the torch, he lets it play on a small ingot of magnesium for many minutes. The flame leaves no mark.

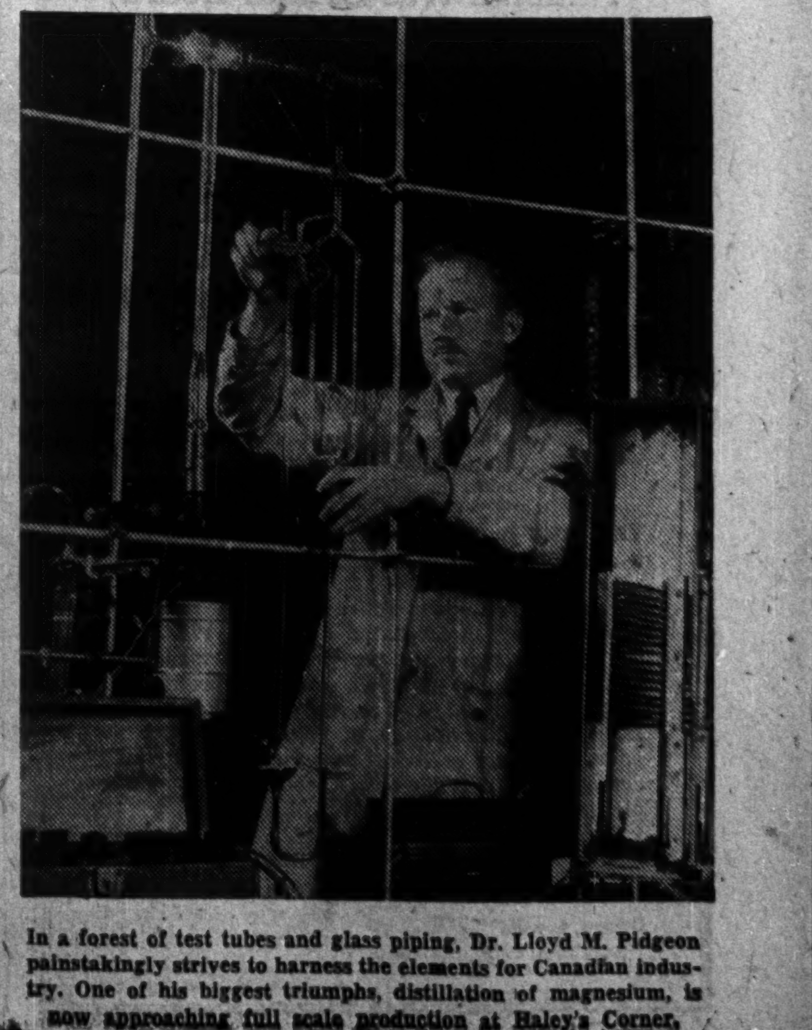
This is important, since the big future of magnesium is as a structural metal. Even before the war it was widely used in Germany for aircraft wheels, gear boxes, crank cases and so forth, saving weight by doing the work usually done by steel.

Rigidity of construction can be obtained with magnesium at a lower total weight than with any other metal. In an automobile, for instance, 100 pounds of magnesium will replace 200 to 300 pounds of steel.

As a structural material magnesium has, up until now, gone mainly into castings, with a relatively small percentage finding its way into wrought forms, rolled sheets, forgings.

It has been called "the metal that is lighter than wood and as

(Continued on page 20)



In a forest of test tubes and glass piping, Dr. Lloyd M. Pidgeon painstakingly strives to harness the elements for Canadian industry. One of his biggest triumphs, distillation of magnesium, is now approaching full scale production at Haley's Corner.

U. S. Publishers See Newsprint Pinch

Reversal of 20-year Trend in Prospect

By STAFF WRITER

NEW YORK.—American newspaper publishers are concerned about the adequacy of newsprint paper supplies over the coming 12 months.

Reassuring statements have been issued of late as to the supply of printing paper. Nevertheless the publishers are convinced that before many months have passed they will have to limit their consumption of paper.

They base this belief on several factors.

A short time ago a number of the larger publishers were called to Washington to discuss the newsprint situation with officials of the War Production Board.

At this meeting they were told it might be necessary to curtail consumption of newsprint by 10%, it is said.

Though the meeting was confidential, particulars of what went on began to circulate before the meeting was over. Because of the "leak" no action was taken by WPB.

Only Temporary

The next step was the freezing order on production issued jointly by WPB and the Wartime Prices and Trade Board in Canada.

This order froze production at the average monthly rate prevailing between April and September, 1942. Ordinarily this is the period of seasonal slackness in production and the order in effect meant a curtailment of around 10% in production in the Canadian mills and a somewhat smaller figure in the American mills.

On the basis of the new order, the apparent supply of newsprint available over the coming 12 months (provided there was no further demands made upon the industry for manpower, power or materials) assured sufficient tonnage of newsprint paper to take care of prospective demands in full.

Question of Pulpwood

This should have been reassuring, but the American publishers interviewed here are not convinced that pulpwood supplies will permit Canadian and American mills to run at the frozen rate without causing a serious shortage in 1944.

Within recent weeks a large proportion of the Canadian woods crews have been turned over to getting out logs for lumber. A very serious shortage of the latter has developed. Because of this transfer of manpower in the woods from pulpwood to timber logs, the supply of pulpwood is going to be short before many months have passed.

Actually there is well-founded reason for the American publishers' apprehension over the pulpwood supply.

The new scale of operations can be maintained by the Canadian mills until the middle of next year. This would be necessary to meet current consumption. In some quarters it had been thought operations could be maintained at the new level until the end of 1943, but this does not now appear to be the case.

Will Conserve Wood

It is questionable if the Canadian manufacturers will use up their wood supplies in order to keep operations at the new maximum level.

On the contrary it is believed that before long, when they have the necessary data to estimate how pulpwood operations will shape up this winter, they will adopt a policy of conserving wood supplies over as long a period as economically feasible or until such time as a more or less normal supply of wood is assured.

A reduction in the scale of operations of the Canadian and American mills is anticipated by the beginning of the second quarter of 1943, but from present indications the curtailment may come before that time.

Can See Trend

The American publishers are growing more and more aware of the prospect which faces them.

Another meeting of the American publishers has been called by the War Production Board to take place in Washington before the end of this month. It is understood Canadian publishers also are meeting shortly, probably in Toronto, to discuss the situation.

Some American publishers are prepared at this stage to limit consumption of newsprint paper voluntarily. Such a step is not likely to be taken unless it is possible for them to maintain their competitive position.

At the rate things are moving it is a question as to whether the government will be first in ordering a reduction in consumption of paper or whether the publishers get together and voluntarily do so.

Want to Protect Reserve

In those quarters which follow the newsprint situation closely, it is being urged strongly that steps be taken now to curtail consumption so as to help the manufacturers conserve materials.

It is being suggested also that consumption be strictly limited to receipts of new paper and that every effort be made not only to maintain existing reserves of 66 days' supplies, but to increase them to the 90 days allowed under the recent government orders.

There should be no particular difficulty in limiting consumption to current receipts, but an increase in reserve stocks to 90 days' supply can only be secured by a reduction in the amount of paper now being consumed.

Part of the publishers' problem will be solved by a reduction in advertising linage. In the metropolitan area of New York decreases are far more general than increases for the current year to date. To date only one paper has shown an increase, and as it ordinarily does not carry much advertising, the gain is of little significance. For the balance the declines have ranged from a fraction of one per cent to over 17%.

The continuation of this trend during the balance of the year and into 1943 will automatically bring about a reduction in the consumption of paper. However, it is doubtful if it will be enough to meet the demands of War Production Board, which envisages a much greater reduction than is indicated by the prospective drop in advertising.

Meanwhile the majority of publishers are watching paper usage. Some substantial economies have been put into effect and more are under way. Generally speaking, the number of pages being printed by the New York dailies at this time is running nearly 10% less than a year ago.

All this is helpful, but the American publishers are beginning to recognize that over the next year they will have to cut the size of their papers to the newsprint that is made available.

Abitibi Power & Paper Company, Limited

TORONTO, ONT.

Owning directly or through subsidiary companies, mills at

Beaupre, Que. — Iroquois Falls, Ont.
Pine Falls, Man. — Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. — Fort William, Ont.
Port Arthur, Ont.

Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Department of Labour

National War Labour Board

General Order

The Dominion Bureau of Statistics has found that the cost of living index number for October 1, 1942, is 117.8 (adjusted index 116.9) as compared with the cost of living index number for July 2, 1942, of 117.9 (adjusted index 117).

The Wartime Wages Control Order, P. C. 5963, provides in Section 48 (iv):

"the amount of the bonus shall not be changed unless the cost of living index number has changed one whole point or more since the last general order of the Board requiring an increase or decrease in the amount thereof."

The index number not having changed by one whole point or more since July 2, 1942, pursuant to the provisions of P. C. 5963 as stated, the National War Labour Board orders that the terms of its General Order dated August 4, 1942, shall continue to apply for the period November 15, 1942, to February 15, 1943, subject to the right of employers or employees to apply to a War Labour Board for authorization of payment of such an amount of cost of living bonus as a Board may determine to be "fair and reasonable," under the provisions of the Order.

HUMPHREY MITCHELL,
Chairman, National War Labour Board

Ottawa, Canada
November 4, 1942

Ontario Hydro Load Up 10%

Niagara System Shows Greatest Gain, Reporting 15% for Primary Power

Further gains were shown by the peak power load of Hydro-Electric Power Commission of Ontario in its September figures. It is pointed out, however, that load growth for this period has been affected by power restrictions which became effective Sept. 20.

Greatest expansion was in the Niagara system, primarily due to growing war industry demands, where a gain of 213,137 h.p. is shown in primary peak load. This is 15% above the same month last year. Other systems show varied gains and losses. Eastern Ontario is up 5.8% in primary peak and Georgian Bay up 3.9%. Thunder Bay is down 4.4% and Northern Ontario down 8.3%.

Much the same trends are shown for combined primary and secondary peak loads. In this case the new peak for the Niagara System is up 8.1% and for the whole of Ontario up 5.6% instead of 10.1%.

Primary Loads — Maximum 20-Min. Peak H.P.	Sept., 1942	Sept., 1941	Inc. %
Niagara System ..	1,636,193	1,423,056	15.0
Eastern Ont.	186,177	175,907	5.8
Georgian Bay ...	48,139	46,349	3.9
Thunder Bay ...	100,871	105,563	—4.4
Northern Ont. ...	213,451	232,854	—8.3
Total	2,184,831	1,983,729	10.1
Primary and Secondary Loads			
Niagara System ..	1,667,024	1,541,421	8.1
Eastern Ont.	186,177	176,316	5.6
Georgian Bay ...	48,139	46,349	3.9
Thunder Bay ...	103,579	110,643	—6.4
Northern Ont. ...	263,853	274,409	—3.8
Total	2,268,772	2,149,138	5.6

Brown Co. Net On Lower Scale

Heavy Increase in Taxes Reflected in Current Income Account

From Our Own Correspondent

MONTREAL.—Brown Co. reports that net profit for the first 44 weeks of the current fiscal year ending Nov. 30, 1942, totalled $906,190 after provision of $1.2 millions for estimated Federal income and excess profits taxes.

This compares with a net profit of $1,484,353 after tax provision of $750,000 in the full fiscal year to Nov. 29, 1941.

The company's working capital, after repayment of $1,878,836 on its long-term R.F.C. loan and after its transfer of $1,284,930 for bond interest on long-term debt to current liabilities, was $5,567,976 as of Oct. 3, 1942, compared with $7,620,240 as of Nov. 29, 1941.

Interest on the company's first mortgage bonds, which accrues from Dec. 1, 1939, cannot be paid prior to June 1, 1943, without consent of the R.F.C. After obtaining this consent the company made a payment of a half year's interest in August last.

Canadian Unit Reports

Profits of Brown Corp., Canadian subsidiary of Brown Co., amounted to $872,571 for the 44-week period, after provision of $1,425,400 for estimated Dominion income and excess profits taxes. This contrasts with $1,556,928 net profit reported for the fiscal year ended Nov. 29, 1941, after providing $700,000 for taxes.

Brown Corp.'s net working capital as of Oct. 3, 1942, amounted to $6,246,776, compared with $5,272,276 at Nov. 29, 1941.

Lumber Move Puzzles B. C.

See Nicholson Appointment as W.P.T.B. Victory to Hold Price Ceiling

From Our Own Correspondent

VANCOUVER.—British Columbia's industry was rather bewildered by the reorganization in the Timber Control last week which saw A. H. Williamson replace A. S. Nicholson as the top man in the new setup.

Mr. Nicholson continues as an associate in the timber control for the time being. He is understood to have personal reasons for retiring from the more active post, but some in the industry would like to see an explanation for the appointment in his stead of a man without practical experience in the production of logs, lumber or other forest products.

The shakeup was interpreted on the coast as another victory of Wartime Prices and Trade Board over the forces that have been fighting for a break in the price ceiling as an incentive for more production.

No Lumber Concession

Lumbermen tell The Financial Post that while the government has seen fit to bonus agriculture and arrange for subsidies for base metals, the production of a commodity regarded now as essential to the war's successful prosecution —lumber—has been left without concessions of any kind. Output of logs and lumber has steadily receded in recent months at a time when demand was steadily mounting.

Lumbermen claim that the government has failed to solve the most critical problem of the industry, namely, the manpower shortage; that national selective service has so far been of insignificant benefit. They contend that rigid price ceilings have been discriminatory against British Columbia which, must be depended on for about 50% of all Canada's production.

U. S. Pulpwood Prices Frozen

O.P.A. Takes Step to Relieve Pressure on Finished Goods Price

From Our Own Correspondent

MONTREAL. — Prices of pulpwood cut in Wisconsin, Michigan and Minnesota have been frozen by the United States Office of Price Administration to relieve "increasing pressure" on the price ceilings covering wood pulp, newsprint and other paper products.

The price order establishes specific maximums for all pulpwood cut in the three states known as the Lake Central Area and for pulpwood cut elsewhere and sold in the region. Canadian wood is excluded.

The area is second in the United States in production of pulp and paper products, being exceeded only by the northeastern states. Thirty-six pulp producing companies, operate 41 mills in the region. The action was timed to coincide with the contract season when mills signed agreements for rough pulpwood cut by contractors.

Set Out New Rates

The price ceiling per cord was set as follows: Spruce wood, rough, $14, peeled or rossed, $17; balsam wood, rough, $11, peeled or rossed, $14; Jack pine, rough, $8, peeled or rossed, $12; hemlock, rough, $9, peeled or rossed, $11; poplar wood, rough, $6.50, peeled or rossed, $10.50. The price on peeled poplar wood applies to 147 cu. ft. of piled wood cut in 55-inch lengths; a price of $9 is set for 133 cu. ft. of piled wood cut in 100-inch lengths.

Wood pulp prices in the United States have been stabilized since July and newsprint prices have not been increased since the beginning of 1938, but the prices of pulpwood have advanced sharply, O.P.A. says.

U. S. Paper Trade Hit By Order

W.P.B. Bans Movement of Pacific Coast Pulp to Eastern Mills

From Our Own Correspondent

MONTREAL. — The American paper trade is hard hit by an order of the War Production Board banning all shipments to midwestern and eastern markets from the Pacific Coast for the next two months.

Non-integrated paper mills, which buy their pulp in the open market, will be hardest hit, although the W.P.B., in making pulp allocations for next month, is diverting some eastern, lake states and Canadian pulp to domestic consumers to replace part of the shipments cut off from the Pacific Coast.

Eat Up Reserves

The impact of the order will not be felt until after the turn of the year. Pulp supplies now on hand are sufficient to cover operations for a period of about 45 days.

The action of the W.P.B. is part of the general plan to shorten rail hauls.

Sherritt Runs Short of Labor

Production Only Maintained at Expense of Development

While profits before write-offs were almost $90,000 higher at $241,905 in the September quarter, Sherritt Gordon Mines was only able to maintain its production rate at an average of 2,111 tons daily by going easy on development.

Secretary H. Whittingham reviews results of the company's activities for the September quarter in part as follows:

Fall Below Capacity

"The shortage of underground labor has become very acute. Normal production was only maintained at the expense of development work. This was purely a temporary expedient and by the end of the quarter the mine output was only sufficient to keep the mill going at slightly less than 85% of capacity. Unless the supply of underground labor improves very quickly, a further reduction in the scale of operations will be inevitable.

"Copper and zinc output showed an increase over the output for the previous quarter. Costs were materially lowered, due to the abnormally small amount of underground development work carried on during the period.

"On account of the shortage of labor, it was deemed advisable to discontinue further work on the new low grade copper deposit at Bob Lake for the present.

"At the Josephine mine in the Michipicoten area, shaft sinking was completed by the end of August, at a depth of just over 1,050 ft. At the end of the period crosscutting was in progress on the 1st and 3rd levels and a diamond drill hole was being put out on the 6th level, preparatory to crosscutting. The lake which overlies the ore deposit had been dewatered down to the mud which covers the bottom. By the end of the quarter diamond drilling on an adjoining property had indicated a tonnage of over 8,000,000 gross tons of siderite iron ore."

Quebec Pulp Trustee Named

Creditors Also Appoint Five Inspectors for Bankrupt Firm

From Our Own Correspondent

MONTREAL.—Maurice Boulanger has been appointed trustee for the bankrupt Quebec Pulp & Paper Corp., against which the Quebec Government has entered a claim of $1,824,710.

In addition the creditors have appointed five inspectors as follows:

RAYMOND LATREILLE, engineer in chief of the hydraulic service of the Department of Lands and Forests;

J. E. GUAY, forestry engineer of the Department;

EMILE MORIN, Deputy Minister of Municipal Affairs;

RENE MORIN, manager of the General Trust of Canada, representing preferred shareholders; and

JOHN G. PORTEOUS, lawyer, representing other shareholders.

Jean Paul Galipeault of Quebec is representing the government, with John Ahearn of Montreal as adviser.

Fisk Named Assistant To Newsprint Head

From Our Own Correspondent

MONTREAL. — G. Harold Fisk, who has been closely associated with the work of the Newsprint Association of Canada, has been named by the Wartime Prices and Trade Board as special assistant to the Newsprint Administrator, R. L. Weldon. Mr. Fisk has been granted leave of absence by his company, Stevenson and Kellogg, management engineers, to carry out his new duties.

U. S. Paper Mill Activity Shows Upward Trend

From Our Own Correspondent

MONTREAL. — American paper mill activity advanced during the week of Oct. 31, operations being at the rate of 92.9% of capacity, compared with 89.9% in the preceding week and with 106.6% in the same week last year.

The paperboard industry's operating ratio also improved, according to the American Pulp and Paper Association, which reports an index figure of 84%, compared with 81% in the previous week.

Soo Line Plan Passes Courts

From Our Own Correspondent

MONTREAL.—Plan of reorganization of the Minneapolis, St. Paul & Sault Ste. Marie Railway, controlled by the Canadian Pacific Railway, has been approved by the U. S. Federal Court in Minneapolis.

Already sanctioned by the Interstate Commerce Commission, the plan will now be presented to bondholders for their formal approval. A favorable vote of two thirds of each class of bondholders is required; but since the plan had the support and approval of large groups of bondholders representing a majority of the road's loans, speedy approval action is expected.

Maritime Tel. & Tel. Sets All-time Record

From Our Own Correspondent

MONTREAL.—Long distance toll traffic handled by the Maritime Telegraph & Telephone Co. has been steadily increasing month by month until September when it reached the record high of 210,653 completed calls. This represented a gain of 24,204 calls over the same month last year. This is the largest volume of completed toll traffic ever reported in any one month.

In line with the gain in toll traffic, the company reports 54,791 telephones in service at the end of September—also a new record and comparing with 54,593 at the close of the previous month.

DISTILLERS CORPORATION-SEAGRAMS LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, DOMINION OF CANADA)

and Subsidiary Companies

REPORT OF DIRECTORS

TO THE STOCKHOLDERS:

Your Directors submit herewith their Fourteenth Annual Report of the operations of your Company and its subsidiaries for the fiscal year ended July 31, 1942, together with the Consolidated Statement of Earned Surplus and Profit and Loss, and Consolidated Balance Sheet as at July 31, 1942, as certified by your Auditors.

Our financial statements at July 31, 1942, are expressed in United States currency, as was done last year. The following general principles of exchange conversion were applied to items other than those located in, or which originate in, the United States; inventories on hand and inventory items included in cost of goods sold are stated at the equivalent United States dollar cost at time of production or acquisition; other current assets, unexpired charges and current liabilities are at the official rate of the Foreign Exchange Control Board, Ottawa, at July 31, 1942; additions to capital assets and capital stock during the year and profit and loss items, other than inventory sold, are stated at the prevailing control rates. As a result, a net exchange adjustment of $63,737.17 has been charged against the earnings of the year.

PROFITS—The consolidated net profits for the fiscal year ended July 31, 1942, amounted to $10,897,439.73, after absorbing all advertising and administration expenses and making provision for all accrued taxes and contingencies, equivalent, after deducting Preferred dividends, to $5.75 per share on the Common Stock outstanding. This compares with consolidated net profits of $8,110,012.35 in the preceding year, equal after deducting Preferred dividends to $4.17 per share on the Common Stock then outstanding.

DIVIDENDS—The regular quarterly dividends payable in United States currency on the Preferred Stock, and four dividends totalling $2.22 per share, Canadian currency, on the Common Stock, were paid during the fiscal year.

SURPLUS—Your Directors deemed it desirable to reduce the book value of Trade-Marks, Bottling and Blending Rights, Contracts and Goodwill to the nominal sum of $1.00, and, to effect this reduction, earned surplus was charged with $11,689,935.97.

After making this charge and providing $4,816,299.54 for dividends and sinking fund appropriation, the consolidated earned surplus of your Company was reduced during the year by $5,608,795.78, and amounted to $31,536,654.54 on July 31, 1942.

Capital Surplus was increased $597,000, to $1,800,000, representing the purchase and cancellation during the year of Preferred Stock having a par value of $597,000.

Any distribution of Assets is presently subject to governmental approval under Wartime regulations.

SALES—The consolidated net sales of your subsidiary companies amounted to $207,892,397.03. All selling and advertising expenses incurred have been charged to the cost of operations for the year.

FINANCE—Consolidated current working assets, including unexpired insurance and other items chargeable to future operations, exceeded all liabilities, including long-term bank loans, by $53,006,304.77, being an increase over last year of $6,572,179.13.

During the year the American subsidiaries entered into a new Bank Credit Agreement with their banks which gave them the right to borrow money up to five years.

ACQUISITIONS AND CAPITAL EXPENDITURES—Your Company acquired during the year the entire issued capital stock of The British Columbia Distillery Company Limited, and of Amherst Distillers Limited, obtaining thereby valuable stocks of maturing spirits and additional distilling and warehousing facilities.

The new warehouse at Ville LaSalle (Montreal) plant reached practical completion by the end of the fiscal year, and is now in full operation.

The United States subsidiaries acquired certain plants and assets during the year. These and additional manufacturing and warehousing facilities, resulted in an increase at July 31, 1942, of $5,538,364.03 on account of Land, Buildings, Machinery and Equipment.

CAPITAL STRUCTURE—During the year, 12,500 shares of the Company's Cumulative Preferred Stock 5% Series were issued as part of the consideration paid for the shares acquired of The British Columbia Distillery Company Limited and of Amherst Distillers Limited.

Cumulative Preferred Stock 5% Series purchased and cancelled during the year for Sinking Fund requirements amounted to 5,970 shares, acquired at a cost of $489,985.55 which amount was charged to Earned Surplus and leaving 164,500 shares as the total number outstanding at July 31, 1942.

APPRECIATION—It is with pleasure that your Directors again record their appreciation of the loyal and faithful manner in which all the officials and employees of the Company and its subsidiaries have performed their duties.

ON BEHALF OF THE BOARD OF DIRECTORS,

S. BRONFMAN,
President.

Montreal, October 28th, 1942.

CONSOLIDATED STATEMENT OF EARNED SURPLUS AND PROFIT AND LOSS FOR THE YEAR ENDING JULY 31, 1942

(EXPRESSED IN UNITED STATES CURRENCY)

Earned surplus, balance July 31, 1941			$37,145,450.32
Sales, less freight and allowances		$207,892,397.03	
Less: Cost of goods sold		152,581,936.68	
		$ 55,310,460.35	
Miscellaneous income, discounts, etc.		309,325.69	
		$ 55,619,786.04	
Selling, general and administrative expenses	$26,365,469.64		
Directors' remuneration	21,000.00		
Salaries of executives including those of subsidiary companies	476,302.08		
Legal fees	286,664.15		
Interest (net)	495,152.36		
Provision for depreciation (see footnote)	217,469.25		
Amortization of contracts	72,288.00		
Loss on disposal of capital assets	67,103.36		
Loss on investments realized	675.68		
		28,002,124.52	
Profit before provision for income and profits taxes, contingencies and exchange adjustments		$27,617,661.52	
Provision for income and profits taxes (including Canadian and United States excess profits taxes of approximately $8,687,000)		15,656,484.62	
		$ 11,961,176.90	
Provision for contingencies	$ 1,000,000.00		
Provision for exchange adjustments	63,737.17		
		1,063,737.17	
Profit after providing for income and profits taxes, contingencies and exchange adjustments for the year ending July 31, 1942			10,897,439.73
			$48,042,890.05
Deduct:			
Dividends on Cumulative Preferred Stock 5% Series		$ 819,537.50	
Dividends on Common Stock (Canadian $3,892,525.80)		3,506,776.49	
Appropriated for the purchase and cancellation of Preferred Stock 5% Series		489,985.55	
Amount required to reduce "Trade-Marks, Bottling and Blending Rights, Contracts and Goodwill" to a nominal amount of $1.00		11,689,935.97	
			16,506,235.51
Earned surplus at July 31, 1942, per balance sheet			$31,536,654.54

NOTE: Depreciation provided during the year amounted to $1,643,686.37 of which $1,426,217.12 has been charged to cost of production and $217,469.25 as above.

Consolidated Balance Sheet, July 31, 1942

(EXPRESSED IN UNITED STATES CURRENCY)

ASSETS

Current Assets:		
Cash in banks and on hand	$ 6,135,703.89	
Accounts receivable after providing reserves of $2,014,623.80 for doubtful accounts	26,640,089.05	
Canadian Government bonds (at market quotations $227,684)	228,829.30	
Inventories of whiskies and spirits as shown by Government records, warehouse reports and physical inventories, valued at cost including duty, taxes and freight where such have been paid, and inventories of raw materials and supplies at cost of purchase	59,409,787.23	
Deposits on grain futures purchase contracts (the aggregate amount of the contracts was $2,949,656, market value $2,901,787)	181,956.17	
		$92,596,365.64
Unexpired Insurance and other items chargeable to Future Operations		1,281,664.94
Sundry Investments and Advances		392,131.88
Land, Buildings, Machinery and Equipment, at cost with the exception of certain properties which are carried at depreciated reproductive appraisal values of $888,192.51 as determined by the Canadian Appraisal Company Limited at November 1, 1926, plus subsequent additions at cost	$29,860,284.96	
Less: Reserves for depreciation and amortization	11,750,793.99	
		18,109,490.97
Trade-Marks, Bottling and Blending Rights, Contracts and Goodwill, at nominal amount		1.00
		$112,379,654.43

LIABILITIES

Current Liabilities:		
Notes payable to banks	$ 7,750,000.00	
Accounts payable and accrued liabilities	4,808,063.81	
Dividend on Cumulative Preferred Stock, payable August 1, 1942	205,625.00	
Provision for Federal, Provincial, State and Municipal taxes in Canada and the United States	20,858,037.00	
		$33,621,725.81
Advances under Bank Credit Agreement, Maturing 1944-1950		7,250,000.00
Deferred Credits to Future Operations		296,370.03
Reserve for Contingencies		2,000,000.00
Capital Stock:		
Cumulative Preferred Stock:		
Authorized—200,000 shares of Cumulative Preferred Stock of the par value of $100.00 each United States currency	$20,000,000.00	
Issued—Cumulative Preferred Stock 5% Series of the par value of $100.00 each United States currency, redeemable at the option of the Board of Directors at $105.00 per share United States currency:		
170,000 shares issued to July 31, 1941	17,000,000.00	
12,500 shares issued during the year ending July 31, 1942, in connection with the acquisition of subsidiary companies	1,250,000.00	
182,500 shares issued to July 31, 1942	$18,250,000.00	
12,030 shares purchased and cancelled to July 31, 1941	$ 1,203,000.00	
5,970 shares purchased and cancelled during the year ending July 31, 1942	597,000.00	
18,000 shares purchased and cancelled to July 31, 1942	$ 1,800,000.00	
164,500 shares outstanding		16,450,000.00
Common Stock, without nominal or par value:		
Authorized—2,300,000 shares		
Issued:		
1,752,845 shares issued as at July 31, 1941	$19,404,588.75	
1,025 shares issued during the year ending July 31, 1942 under options ($22.00 per share in Canadian currency)	20,315.30	
1,753,870 shares outstanding		19,424,904.05
Surplus:		
Capital surplus arising from the purchase and cancellation of Cumulative Preferred Stock 5% Series	$ 1,800,000.00	
Earned surplus, as per statement attached	31,536,654.54	
		33,336,654.54
		$112,379,654.43

NOTE: No provision has been made in the financial statements for possible taxes that may ultimately be payable in connection with the distribution to the Parent Company of dividends out of the undistributed surpluses of the United States subsidiary companies. The necessity for a complete distribution of these surpluses may never arise and the policy will be continued of providing for such taxes as may arise in the fiscal year in which dividends are paid to the Parent Company.

Approved on Behalf of the Board:
S. BRONFMAN, Director.
H. F. WILLKIE, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the consolidated balance sheet of Distillers Corporation-Seagrams Limited and its subsidiary companies as at July 31, 1942, and the consolidated statement of earned surplus and profit and loss for the fiscal year ending on that date. In connection therewith, we have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate, and have obtained all the information and explanations which we required. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We report that, in our opinion, the attached consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Distillers Corporation-Seagrams Limited and its subsidiary companies as at July 31, 1942, and the attached statement of consolidated earned surplus and profit and loss sets forth the results of operations for the year ending on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies and in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also reviewed the section of the Report of Directors relating to the general principles of exchange conversion applied to items, other than those in United States currency, and that relating to the Surplus of the Company and, in our opinion, the statements contained therein are correct.

Montreal, Canada, October 26, 1942.

PRICE, WATERHOUSE & CO.,
Auditors.

Plan for War Advertising

Administrator Outlines Rules for Constructive Programme

In response to representations made by the Canadian Weekly Newspapers Association, the Canadian Daily Newspapers Association and the Canadian National Newspapers and Periodicals Association, John Atkins, Administrator of Printing and Publishing for W.P.T.B. has issued the following letter. In it he points out what is and what is not a constructive wartime advertising programme, pays tribute to the helpful "conservation" type of advertisement which has already become a major feature of Canada's wartime advertising.

The representations made by the publishers' associations clearly indicate that advertisers in general are aware of the increasing shortage of labor, power, transportation, and other commodities and services required for the war effort, and that, while they naturally wish to continue all legitimate methods of selling available goods, they do not wish to incur criticism for stimulating demand if such action is prejudicial to the war effort.

They indicate also a realization that advertising itself is a substantial consumer of labor, newsprint, electric power, and other goods and services likely to be in short supply.

It is hoped that the following answers to your questions will clarify the situation for your publisher members and their customers.

Question: Should advertisers advertise or not?

Answer: If the production of particular goods or services is permitted, then it is permissible to sell them, subject to any restrictions that may have to be imposed from time to time. Normal advertising when it serves to sell goods or services in reasonable quantities in a manner consistent with wartime regulations, or promotes war objectives, is quite in order.

There are many ways in which advertising may contribute to the stabilization of business and the economical distribution of goods and services. A few of such ways are:

(a) Informing customers of the effect of Government regulations upon purchasing.

(b) Giving current information regarding available goods to prevent panic buying or hoarding due to rumors or temporary shortages.

(a) Interpreting priority or simplified practice rulings by giving reasons for rationing, limitations of supply, reduced deliveries or other curtailments of service.

(d) Guiding the buying public quickly to available perishable goods or other goods in plentiful supply.

Question: Can advertisers advertise or not?

Answer: They can.

Question: Can they advertise comparative prices as long as they are not dealing with commodities that are at a premium or in no manner creating confusion in the war effort?

Answer: Yes, for example, in order to move perishable, out-of-season stock or broken ranges of stock, which are offered at special prices. Excessive playing up of alleged bargain prices, the principal result of which is to encourage unnecessary expenditures, is not desirable.

They should not advertise that any article is "short in supply;" "the last you will be able to buy;" "One that you had better stock up on." They should never suggest that customers should buy in larger than normal quantities.

Question: How much can they advertise?

Answer: As much as they may deem necessary to the proper conduct of their business, within the income tax regulations.

Question: How much should they advertise?

Answer: As much as may be required to sell their goods and services and to maintain goodwill, within government regulations.

New Responsibilities

Until peacetime conditions are restored, advertising will have to accomplish many strange, unforeseen and difficult tasks. Already in many cases, it has been called upon to reverse its usual appeal. In addition to advising the public to spend, to choose, to buy, much advertising is now employed in urging everyone to save, to restrict choice, to put off some purchasing for the duration. Advertising is performing quickly the new task of informing buyers how they may adapt their daily buying to the simpler standards of living which must be accepted.

In the case of actual shortages, and in respect of reduced deliveries, wrapping conservation, rationing, hoarding and other wartime problems, the supplier frequently helps to increase observance of restrictive measures by advertising to the retailer.

In many cases this advertising interprets the official language of government promulgations into words the retailer can actually use in making explanations to his customers. Friendly warnings and advice carried across retail counters by word of mouth may be most effective in producing good-humored acquiescence on the part of the public.

Product Conservation

The makers of commodities whose plants are now engaged on war work perform a greater service by advertising ways of making their old products last longer, or by suggesting new and more economical uses or substitutes.

One of the functions of advertising which will increase as war production demands more and more of our available materials, is the education of the public in respect of alternatives and substitute ingredients.

This is already being done in the food field, where the publication of recipes and kitchen hints has been an aid to sugar rationing. The introduction of new products which eliminate the use of rubber and metals, ranging from insulating wire to wooden toys, is also being accomplished by advertising of the educational sort.

The prevention of waste in a wartime economy is one of the many problems which advertising may help to solve. Manufacturers, retailers and others can do much more than pile up injunctions against waste, they have done a great deal to educate both industry and the public by suggesting economies, additional uses, and thrifty practices, aiming at the full and complete utilization of available goods.

Maintain Goodwill

Due to shortages of metal, chemicals and other materials for which the war effort has priority, the question of wrapping and packaging civilian goods has caused many manufacturers to introduce new and more economical packages. Advertising to explain the need for such changes and the economies effected may help to maintain good relations between manufacturers, retailers and customers. Honey, pork and beans and other products formerly packed in glass or tin are now appearing in paper containers. Jam and soups may soon follow suit. The discontinuation of small-sized packages is another method of saving packaging materials, and in some cases double-sized packages are being put on the market with the same end in view.

In the future there will presumably be scope for retail advertising to clarify simplification of lines and sizes in the range of many commodities, and, in the case of wearing apparel, the facts behind the reduction or elimination of unessential frills.

Some manufacturers are trying to maintain their dealer organizations by advertising which is aimed to educate and direct the public in the matter of spare parts, repair service, and other means of conserving existing goods.

In a period when war needs have withdrawn so many goods and services from civilian use, advertising may be used by many manufacturers and retailers to maintain their reputation, trademarks, and their assets of goodwill, so as to be ready for the swing back to civilian production after the war.

But it is only fair to conclude by saying that the course of events, so far as the trend can be seen, will almost inevitably result in further reductions in the volume of advertising—not only because selling itself will be reduced, but also because advertising (directly and indirectly) is a not inconsiderable user of scarce materials and labor. This cannot be a pleasing prospect, but neither should it be an alarming one, provided it is faced with intelligent ingenuity and foresight.

Farm Implement Firms Switch to War

With farm implement production drastically reduced by official order, manufacturers of this type of equipment have made a quick switch-over of men and machines to war production. Due to the volume of war work they are handling, some of these companies are actually obsorbing new employees.

The chief manufacturers are now largely engaged in war work. Smaller units are also sharing through some direct contracts and a good supply of subcontracts.

Those interested in the industry have been examining the situation, looking toward possibility of concentrating remaining farm implement production in some nucleus plants. Efforts along this line are complicated by the fact that a large percentage of Canadian implement making is already in the hands of four large companies, Massey-Harris, Cockshutt Plow, John Deere Plow and International Harvester.

The specialized tools necessary for making the implements are located in these large plants. By changing dies those tools can be quickly converted to war work. The small plants do not have these tools and if they are moved from the large manufacturers to the small, then the large firms are deprived of their equipment to turn out war material.

It has been found that if tools are improvised in the small plants, costs of manufacture go up to prohibitive levels.

Allotting manufacture of parts for repair has presented still another problem. Recognizing that more repairs will be needed as machines grow older, the production quota for repair parts has been set at 140% of 1940 consumption. These parts are made for machines as much as 30 and 40 years old, both for the domestic and export market. To take manufacture of such parts from their own plants and split it up among other units of the industry is viewed as practically impossible.

Dealer Organizations

Concentration of production might also mean some rearrangement in the marketing set-up. Each of the large manufacturers has its own dealer organization, which markets and finances sales of implements. The small companies do not have such dealer arrangements.

C. P. R. Income On Higher Level

Gain in Gross Largely Offset by Higher Expenses

From Our Own Correspondent

MONTREAL.—Moderate improvement in net operating income is reported by the Canadian Pacific Railway for September. Gross income at $22.1 millions registered a comparatively large gain over that reported for the like month last year, but practically all the increase was wiped out in higher expenses. Net operating income at less than $3.6 millions, are $102,625 higher.

Cumulative returns for the first nine months of this year show gross operating revenues at $187.1 millions, a figure far above average and $28.6 millions greater than for the like period last year. Nearly $26.4 millions was absorbed in higher operating expenses, leaving a gain of around $2.3 millions in net operating income at $32 millions.

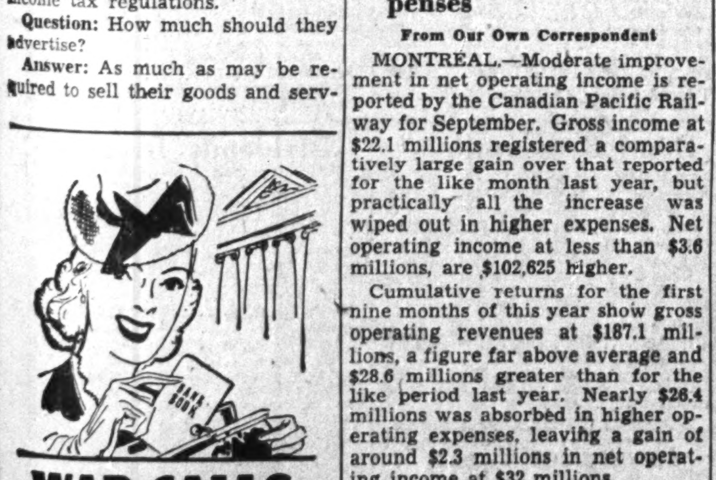
September

	1942	1941
	$	$
Gross earnings	22,113,749	19,268,143
Less: Work. exps. ..	18,544,572	15,801,591
Net earnings	3,569,177	3,466,552

Nine Months Ended Sept. 30

	$	$
Gross earnings	187,126,616	158,457,494
Less: Work. exps. ..	155,120,875	128,729,823
Net earnings	32,005,741	29,727,671

Electrolux Corp. reports net profit of $8,366 after U. S. federal taxes for the three months ended Sept. 30, 1942, equivalent to one cent a share on the capital stock. This compares with $453,838, or 36 cents a share, in the like quarter of 1941, and $53,906 or 4 cents a share for the quarter ended June 30, 1942. For the first nine months this year the company earned $254,049, or 21 cents a share, compared with $1,347,260, or $1.09 a share, in the like period of 1941.



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Can. Celanese

I would appreciate your comments on the preferred stock of Canadian Celanese as to its record in the past and its outlook.

Canadian Celanese preferred stock carries a high dividend rate and participates to the extent of 10% of the profits of the company, less amount due on income funding rights. Last year, the company paid $7.60 on the preferred as against $8.16 in 1940 and $7.50 in 1939. Last year the company earned $18.53 on the preferred stock. This is one of the best showings made in recent years. Currently, results show an improvement over last year.

Operations are being conducted at a high rate of capacity and sales for 1942 are expected to better those of 1941. Whether or not net earnings will exceed those of last year, depends upon taxation, but earnings available on the preferred stock should compare satisfactorily with those reported in 1941. A large proportion of the company's output is now of an essential class and it is expected that a high rate of operations will be maintained for the duration. The after war prospects are considered favorable as there will undoubtedly be a large accumulation of deferred buying power which should assure strong demand for its products.

Canada Northern

I notice the preferred and common stocks of Canada Northern Power are selling at a relatively low point. Does this indicate any doubt as to the continuance of interest payments on the bonds?

Canada Northern Power Corp.'s position has been affected by the loss of the Noranda and Lake Shore power contracts, as well as the Government order reducing gold mining operations. Net revenues so far this year have been on about the same basis as last year, before making provision for income and excess profits taxes. After providing for the latter, it is believed that earnings for 1942 will be on a somewhat lower basis than in 1941. However, the interest on the funded debt should be covered by a comfortable margin.

Canadian Dredge

In view of its current business, what is the dividend outlook for Canadian Dredge & Dock?

Canadian Dredge & Dock Co. has suffered from stoppage of its normal work on marine construction and improvements since the war started. A net loss was reported for 1940 and 1941. The company has been able to maintain a good financial position as at the date of its last report and should be able to resume operations readily when work is offered. It is not expected that any important amount of dredging and marine construction work will be available during wartime. This makes the prospect of a dividend in the near future quite uncertain. The company's president, F. W. Grant, recently died.

B. C. Power

We would like to have your views on the class B stock of British Columbia Power Corp. We bought this stock at a price well above the present market level.

British Columbia Power B stock can hardly be classed as other than speculative. Operations in recent years have been satisfactory but with higher operating expenses and taxes, net earnings on the company's capital stock have been only sufficient to cover the dividends on the A shares. There is no immediate prospect of any dividend on the B stock.

Catelli Food

Can you let us have a report on Catelli Food Products? We are interested in both the A and B shares.

Catelli Food Products experienced a setback in 1941. The loss of export markets and restrictions on the packing of certain types of products have not helped. On the other hand, the curtailment in the pack of pork and beans has been largely offset by an increase in the output of noodles. Domestic sales are on the increase. Preliminary indications are that the dividend on the senior stock will be covered this year, but it is doubtful if much will be available for the B stock.

Winnipeg Electric

Kindly let me have some information on the B shares of Winnipeg Electric Co. I bought this stock some time ago and would like to know the present investment standing of the company.

Winnipeg Electric B shares are still in the speculative class. Since the reorganization of the company, a fair measure of progress has been made in strengthening the financial position of the company. Earnings have been on a relatively satisfactory basis and progress has been made in reducing the amount of outstanding contingent certificates. As you are probably aware no dividends can be paid on the capital stock until these non-interest bearing certificates have been retired. There are over $1 million of them outstanding, so that it will necessarily be a little while before they are paid off.

Asbestos Corp.

Among my holdings are 74 shares of 7% preferred stock of Asbestos Corp. which I bought before 1930. Can you let me have a report on it?

The old 7% preferred stock of Asbestos Corp. was eliminated in the reorganization carried out in 1932. In its place the holders were given 1½ shares of common stock for each 10 shares of preferred held. Accordingly you are entitled to a fraction over 11 shares of common. In addition, in 1939, the stock was split 4 for 1, so that you really own 44 shares of common. Moreover, dividends have been paid on both the old and new common since 1938, so that figured roughly, you are entitled to claim back dividends to the extent of $250.

Shawinigan Net At Record Level

Sharp Expansion in Power Load Reflected in Interim Statement

From Our Own Correspondent

MONTREAL.—Continued expansion in power load and operating revenues is indicated in the statement issued by the Shawinigan Water & Power Co. for the quarter ended Sept. 30, 1942. Gross income advanced 20% to over $6 millions. After providing for senior charges, including an increase of $200,000 in depreciation reserve, net profits before income and excess profits tax amounted to $1.9 millions. This represented an increase of nearly $700,000 over the like period of 1941.

Cumulative returns to the end of September are the highest ever reported by the company for any like period. Gross revenues amounted to nearly $18.1 millions, as against $14.4 millions a year ago. Net profit, before taxes and after increasing depreciation reserve $600,000, was just short of $5.7 millions, or more than $2.5 millions greater than in the first nine months of last year.

Revenue and Expense Statement
Three Months Ended Sept. 30

	1942	1941
	$	$
Gross income	6,071,981	5,078,443
Less: Oper. gen. exps.	1,122,752	1,043,971
Power purch.	1,038,336	908,022
Water rentals	129,332	121,447
Taxes	209,855	282,815
Fixed charges	893,706	928,997
Exchange	65,495	65,495
Depreciation	700,000	500,000
Net profit*	1,912,503	1,227,696

*Subject to income and excess profits taxes.

Nine Months Ended Sept. 30

	1942	1941
	$	$
Gross income	18,095,752	14,380,855
Less: Oper. gen. exps.	3,262,601	2,967,359
Power purch.	3,074,107	2,550,889
Water rentals	380,021	353,346
Taxes	716,330	828,753
Fixed charges	2,681,119	2,826,364
Exchange	196,195	198,285
Depreciation	2,100,000	1,500,000
Net profit*	5,685,377	3,155,859

*Subject to income and excess profits taxes.

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Consultations and correspondence invited

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THE WEEK'S QUOTATIONS

Montreal and Toronto — Week ending Monday close

Winnipeg and Vancouver — Week ending Saturday close

Quotations here listed are the official stock exchange prices for listed stocks, including curb market quotations. For unlisted stocks, quotations by unlisted dealers are given. The Financial Post cannot accept any responsibility for these quotations.

STOCKS TRADED THIS WEEK

WEEK ENDING NOVEMBER 9

[illegible]

Mining Stocks

Week Ending November 9

[illegible]

Oil Stocks

[illegible]

* Yield including bonus. † Paid in 1942 to date. ‡ Paid in 1941.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Nov. 10	13,100	5,500	197,000	......
Nov. 9	15,000	9,200	308,000	10,350
Nov. 7	7,400	2,600	123,000	18,520
Nov. 6	8,200	7,000	261,000	9,129
Nov. 5	7,200	12,200	182,000	8,050
Nov. 4	9,800	2,900	122,000	3,500

STOCKS NOT TRADED THIS WEEK

[illegible]

Mining Stocks

[illegible]

Oil Stocks

[illegible]

Supplementary Stock Quotations

(Furnished by Plaxton, Cherry & McDonnell, Toronto)

Bid and Asked as at Nov. 10, 1942, and change in bids from previous week.

[illegible]

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

November 10, 1942

[illegible]

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

[illegible]

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

[illegible]

Unlisted Mines

[illegible]

OIL ROYALTIES

Producing Wells — Prices and Payments

[illegible]

Drilling Wells — Prices and Depths

Well	Drilling depth ft.	Offering price per 1%
Atlas-Br. Dom. No. 3 pfd.	8,374	*$4,375
Bonaventure pfd.	6,795	2,500
Bonaventure gross	6,795	4,400
Major Oil No. 6 pfd.	8,022	6,300
Major Oil No. 6 gr.	8,022	7,700
Miracle No. 3 pfd.	6,734	4,900
Miracle No. 3 gr.	6,734	6,400
Northcl. No. 1 pfd.	8,250	4,800
Northcl. No. 1 dfd.	8,250	2,400
Northcl. No. 1 gr.	8,250	[illegible]
Northend No. 1 pfd.	8,639	[illegible]
Northend No. 1 dfd.	8,639	[illegible]
Northend No. 1 gr.	8,639	[illegible]
Northend No. 2 pfd.	6,450	[illegible]
Northend No. 2 gr.	6,450	[illegible]
National Vulcan No. 1	3,321	[illegible]
New Ranchmen's pfd.	1,770	[illegible]
Empire pfd. (Ont.)†	....	[illegible]
Hi.-Test Pet. pfd.†	....	[illegible]
Kinsella Ltd.†	....	[illegible]

*Pegged price. †Acreage royalty.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Eastern Car	†6%	1952	Jan. 1	105
Nfld. Pr. & P.	* 5½%	1970	Jan. 15	105
Ott. Val. Pwr.	‡4%	1964	Dec. 1	103½
Nat. L. & Pr., B	6%	1949	Nov. 20	▪

†$52,000. ‡$106,000. *Offer to convert these debentures into new 3½% debentures closes Dec. 5, 1942. ▪Tenders for $6,400.

Stock Issues

Beatty Bros. .. 6% 1st Pref. Dec. 15 ‡110½ *

Can. Wire & Cable, D. .. ▲6½% Pref. Dec. 15 109½

‡Includes dividend accrued to date of redemption. ▲$355,300.

Investment Trusts

	Bid	Ask
Affiliated Funds	2.07	2.26
Can. Int. Trust	3.50	4.25
Can. Invest. Fund	3.10	3.40
Can. Investors	4.25	5.00
Corp. Investors	4.85	5.20
Trans-Canada	8.75	9.60

Corporation Bonds (Cont'd)

[illegible]

Dividends Declared

Week Ended Nov. 10, 1942

	This payment $	Date payable	Date of record
Barber-Ellis, c.	.12½	Dec. 15	[illegible]
Beattie Gold	.03	Dec. 23	[illegible]
Belding Cort.	1	Jan. 2	[illegible]
Do., pref.	1.75	Jan. 2	[illegible]
Berens River M.	.03	Dec. 15	[illegible]
Canada Bud	.20	Dec. 14	[illegible]
Canada Vinegars	.10	Dec. 1	[illegible]
Do., bonus	.10	Dec. 1	[illegible]
Coniaurum Mines	.03	Dec. 23	[illegible]
Corp. Investors, A, B	.05	Nov. 15	Nov. 14
Can. & Dom. Sugar	▪.20	Dec. 1	Nov. 20
Can. Wire & Cable, A	1	Dec. 15	Nov. 30
Do., B	.50	Dec. 15	Nov. 30
Do., pref.	1.62½	Dec. 15	Nov. 25
Falconbridge Nickel	.10	Dec. 22	Dec. 5
Hinde & Dauch	.25	Dec. 21	Nov. 16
Imperial Oil	.25	Dec. 1	Nov. 19
International Pete.	.50	Dec. 1	Nov. 20
Macassa Mines	.06	Dec. 15	Nov. 30
Montreal Loan	.31¼	Dec. 15	Nov. 30
Nipissing Mines	▪.10	Dec. 23	Nov. 18
Ogilvie Flour, pfd.	1.75	Dec. 1	Dec. 11
Paramount Pict. pf.	†1.50	Dec. 29	Dec. 19
Do., com.	†.30	Dec. 29	Nov. 30
Paton Mfg.	1	Dec. 15	Nov. 30
Do., pref.	1.75	Dec. 15	Dec. 23
Preston E. Dome	.05	Jan. 15	Nov. 14
Sherritt Gordon M.	.03	Dec. 19	Nov. 18
Stuart, D. A., Oil, p.	.20	Dec. 1	Dec. 31
Sylvanite Gold	.03	Jan. 15	[illegible]
Tip Top Tailors Inc., p.	1.65	Nov. 14	Oct. 31
United Amuse., A, B	.40	Nov. 30	Nov. 16
Ventures	▪.05	Dec. 30	Dec. 10

†N. Y. funds. ▪Subject to approval of Foreign Exchange Control Board.

Annual Meetings

Date	Company	Place
1942:		
Nov. 16	Consumers' Gas	Toronto
Nov. 19	Ogilvie Flour Mills	Montreal
Nov. 20	Standard Clay Prod.*	Montreal
Nov. 24	B. C. Pulp & Paper*	Montreal
Nov. 24	Distillers Corp.-Seag.	Montreal
Nov. 25	Imperial Bank	Toronto
Dec. 7	Bank of Montreal	Montreal
Dec. 9	Dominion Bank	Toronto
1943:		
Jan. 14	Provincial Bank	Montreal

*Bondholders.

DIVIDEND NOTICES

BANK OF MONTREAL

ESTABLISHED 1817

DIVIDEND NO. 232

NOTICE is hereby given that a DIVIDEND of ONE DOLLAR AND FIFTY CENTS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY the FIRST day of DECEMBER next, to Shareholders of record at close of business on 31st October, 1942.

The Annual General Meeting of the Shareholders will be held at the Banking House of the Institution on MONDAY, the SEVENTH day of DECEMBER next.

The Chair to be taken at noon.

By Order of the Board.

JACKSON DODDS, General Manager. G. W. SPINNEY, General Manager.

Montreal, 20th October, 1942.

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, the ninth day of December, 1942, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.

ROBERT RAE, General Manager.

Toronto, 22nd October, 1942.

The Canadian Bank of Commerce

The annual meeting of the shareholders of this Bank, for the election of Directors and for other business, will be held at its banking house, number twenty-five King Street West, Toronto, on Tuesday, the eighth day of December next.

The chair will be taken at eleven o'clock a.m., Eastern Daylight Saving time.

By order of the Board,

A. E. ARSCOTT, Vice-President and General Manager.

Toronto, 9th October, 1942.

Sherritt Gordon Mines Limited

(No Personal Liability)

25 King Street West, Toronto

DIVIDEND NO. 6

NOTICE IS HEREBY GIVEN that a dividend of 5 cents per share has been declared by the Directors of Sherritt Gordon Mines Limited (No Personal Liability) payable in Canadian funds on December 19th, 1942, to shareholders of record November 14th, 1942.

Under existing conditions, payment of this dividend is subject to the approval of the Foreign Exchange Control Board.

By Order of the Board.

H. WHITTINGHAM, Secretary-Treasurer.

November 5th, 1942.

Canada Bud Breweries Limited

Dividend Notice

Notice is hereby given that a dividend of twenty cents (20c) per share on the 150,000 common shares of Canada Bud Breweries Limited, has been declared payable on the 14th day of December, 1942, to shareholders of record at the close of business on the 7th day of December, 1942.

By order of Board of Directors.

J. S. FITZGERALD, Secretary-Treasurer.

Toronto, November 10, 1942.

Anglo-Canadian Telephone Company

CLASS A DIVIDEND NOTICE

NOTICE is hereby given that a dividend of One and One-half per cent (1½%) has been declared on the Class A Stock of the Company, payable December 1, 1942, to Stockholders of record at the close of business on November 14, 1942.

By Order of the Board.

CAMERON HOUGH, Secretary.

Montreal, November 4, 1942.

Coniaurum Mines Limited

25 King Street West, Toronto

DIVIDEND NO. 21

NOTICE IS HEREBY GIVEN that a dividend of 3 cents per share has been declared by the Directors of Coniaurum Mines Limited, payable in Canadian funds on December 23rd, 1942, to shareholders of record November 28th, 1942.

By Order of the Board.

H. WHITTINGHAM, Secretary-Treasurer.

November 6th, 1942.

Sylvanite Gold Mines, Limited

(No Personal Liability)

TO SHAREHOLDERS AND HOLDERS OF SHARE WARRANTS:

NOTICE OF DIVIDEND NO. 40

TAKE NOTICE that a regular quarterly Dividend of 3% (i.e. three cents per share) on the outstanding Capital Stock of the Company, payable in Canadian funds, has been declared as Dividend No. 40.

Such Dividend will be payable January 15th, 1943, to Shareholders of record at the close of business December 1st, 1942.

In the case of Share Warrants such Dividends will be payable on or after January 15th, 1943, in respect of the Share Warrants, upon presentation and delivery of Coupon No. 40 at:

The Canadian Bank of Commerce, Toronto, or any branch of said Bank in Canada (far Northern Branches excepted), or Liberty Bank of Buffalo, Buffalo, N.Y.

By Order of the Board.

W. S. WALTON, Secretary.

Toronto, November 3rd, 1942.

The Consumers' Gas Company of Toronto

NOTICE of ANNUAL MEETING

THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS of The Consumers' Gas Company of Toronto, to receive the report of the Directors, for the Election of Directors for the ensuing year and the transaction of such other business as may properly be transacted at the meeting, will be held in the Company's Auditorium, 55 Adelaide St. East, Toronto, on MONDAY, the 16th DAY OF NOVEMBER, 1942, at 12 o'clock noon.

By Order of the Board.

EDWARD J. TUCKER, General Manager.

Toronto, October 7th, 1942.

The Business Of Farming

By GORDON L. SMITH

Approximately 250,000 able-bodied young men have left Canadian farms since the war began with practically all of them going into the armed forces or war plants, Honorable J. G. Gardiner, Dominion Minister of Agriculture, told an Ottawa audience last week. This withdrawal from agriculture, Mr. Gardiner said, leaves only a million and a quarter able-bodied men on the farms of this country.

The drain has been exceptionally heavy and it leaves a serious farm shortage behind. "But," said Mr. Gardiner, "the movement was unavoidable and it had to be. Our action today should not be to bring greater population to big cities to settle, but to bring people back to the farms—to modern farms where they will have all the accommodation people in the city enjoy."

* * *

Serious Grain Problem

A most serious grain marketing problem faces the western farmer this season. For years the disposal of wheat has been difficult enough but to that problem this fall has been added a huge marketable surplus of coarse grains, mostly oats and barley. Total of old crop wheat in farmers' hands plus new crop will amount to 600 million bushels. It is estimated that about 80 millions of this will be used for seed and feed on the farms where grown leaving well over 500 million bushels as a marketable surplus. After making the same allowances for all coarse grains it is estimated that almost 550 million bushels will have to be marketed by western farmers in some way or other after their own feed and seed requirements are met. These figures are exclusive of wheat and other carry-over grain in commercial storage.

* * *

Where Will It Go?

With most country elevators already or nearly full the problem of marketing and farm storage this season seems to be the most serious in prairie farming history. Government restrictions permit only 280 million bushels of wheat to be delivered this year which would be the equivalent of domestic milling requirements of 50 million bushels and approximately 230 million for export.

But even this limited delivery is dependent on how fast wheat keeps moving out of country and terminal elevators. It may take a full year to absorb the total amount allowed.

Sanford Evans Statistical Service rather doubts whether western farmers will be able to get rid of all their coarse grains easily. At one time, following an understanding reached between Ottawa and Washington last spring, it was expected that huge exports of Canadian coarse grains would move to American livestock feeders. Since this understanding was reached, however, large crops have been harvested in the United States just as in Canada, which leaves Sanford Evans to observe that, "An important increase in demand for our oats and barley is not certain to arise from that country."

* * *

Allies of Pests

The farmers' constant fight against plant diseases and insects is not just concentrated on the crop he is trying to save. For years scientists have been discovering various "outside" hosts for certain pests. Certain diseases which attack wheat, for instance, thrive in between seasons or during various stages in common barberry bushes. Hence if the fight is to be successful these bushes within a range of so many hundred yards of wheat fields must be destroyed.

Recently at one of the American horticultural stations, it was discovered that all chokecherries within 500 feet of peach orchards will cause infection of the latter by the deadly "X" disease. The only way to protect the peach orchards apparently is by killing all choke cherries within range.

Many of our common farm pests go through two or three stages, as larvae, moths, etc. and in some of these stages they live on vegetations not connected with the crop they are likely to destroy. All of this means that the fight against them must be waged during the whole year and include host plants in surrounding territory. Successful war against insects and pests depends almost entirely on advice and directions from qualified scientists and laboratories.

* * *

Butter is Down

There is small comfort for consumers in the latest official cold storage butter figures. These show that on the first of the month we had less than 27 million pounds on hand compared with almost 44 millions a year ago. The trend is further confirmed by production figures which register a decline of almost 3% for the first nine months of the year.

This decline it should be remembered comes at a time when domestic consumption is increasing. Under the circumstances some sort of butter restrictions would seem to be almost inevitable this winter as even in normal times butter output at that period is not able to keep up with consumption. Withdrawals from storage are always necessary. Indeed the latest cold storage figures already indicate that this withdrawal was already well under way last month, stocks having declined almost seven million pounds or over 20% in October.

* * *

Cheese is Up

Reason for the decrease in butter production is almost entirely attributed to a gain in cheese. To bolster exports of the latter to Great Britain both federal and provincial authorities have been offering special encouragement.

That policy is reflected in the storage report for Nov. 1. This shows over 50 million pounds of cheese on hand as compared with 36 millions at the same time a year ago.

Production for the first 9 months for the whole of Canada was 167 millions against 120 millions for the same period a year ago. Using the rough comparison of 3.3 pounds of butter equalling 10 lb. of cheese basis whole milk, the gain in cheese to date almost doubles the decrease in total butter. In other words farmers are producing a greater total of these two products than last year, but the proportion has changed.

DIVIDEND NOTICES

CITY OF MONTREAL

NOTICE

Bonds of the City of Montreal

Due 15th December, 1941

The semi-annual interest on these bonds will be paid on December 15th, 1942.

Transfer books will be closed from November 15th to December 15th inclusively.

L. ROBERGE, Director of Finance.

Office of the Director of Finance, City Hall, Montreal, 9th November, 1942.

BEATTIE GOLD MINES (Quebec) Limited

(No Personal Liability)

25 King Street West, Toronto

DIVIDEND NO. 20

NOTICE IS HEREBY GIVEN that a dividend of 3 cents per share has been declared by the Directors of Beattie Gold Mines (Quebec) Limited, payable in Canadian funds on December 23rd, 1942, to shareholders of record November 28th, 1942.

By Order of the Board.

H. WHITTINGHAM, Secretary-Treasurer.

November 5th, 1942.

MACASSA MINES

LIMITED

(No Personal Liability)

Notice is hereby given that a dividend of six (6c) cents per share has been declared on the issued capital stock of the company for the quarter ending December 31st next, and will be payable on December 15th to shareholders of record November 30th, 1942.

By Order of the Board.

L. SOLIAGUE, Secretary.

Toronto, November 9th, 1942.

Belding-Corticelli Limited

Notice of Preferred Stock Dividend No. 112

A dividend of one and three-quarters per cent (1¾%) has been declared on the Preferred Stock of this Company, for quarter ending 30th November, 1942.

Notice of Common Stock Dividend No. 67

A dividend of one per cent (1%) has been declared on the Common Stock of this Company, for quarter ending 30th November, 1942.

The above dividends are payable on the 2nd day of January, 1943, to Shareholders of record at the close of business, the 15th day of December, 1942.

By Order of the Board,

D. F. POLLOCK, Secretary.

United Amusement Corporation Limited

Common Dividends Nos. A38-B32

Notice is hereby given that a dividend of Forty Cents ($0.40) per share has been declared on the outstanding capital stock of the Company for the period ended 31st day of October, 1942, payable on the 30th day of November, 1942, to all shareholders of record on the 16th day of November, 1942.

By Order of the Board.

W. H. MANNARD, Secretary-Treasurer.

Canada Wire and Cable Company

DIVIDEND NOTICES

PREFERRED DIVIDEND NO. 55.

TAKE NOTICE that the regular Quarterly Dividend of $1.625 per share on the outstanding Preferred Stock of the Company for the three months' period ended 30th November, 1942, has been declared as Dividend No. 55, payable 15th December, 1942, to Shareholders of record at the close of business, 30th November, 1942.

CLASS "A" DIVIDEND NO. 39.

ALSO TAKE NOTICE that a Dividend of $1.00 per share on the outstanding Class "A" Common Shares of the Company has been declared as Dividend No. 39, payable 15th December, 1942, to Shareholders of record at the close of business, 30th November, 1942.

CLASS "B" DIVIDEND NO. 19.

ALSO TAKE NOTICE that an Interim Dividend of 50 cents per share on the outstanding Class "B" Common Shares of the Company has been declared as Dividend No. 19, payable 15th December, 1942, to Shareholders of record at the close of business, 30th November, 1942.

By Order of the Board.

A. I. SIMMONS, Secretary.

Toronto, 6th November, 1942.

DIVIDEND NOTICES

The Bank of Nova Scotia

Dividend No. 292

Notice is hereby given that a Dividend of two and one-half per cent on the paid-up Capital Stock of this Bank has been declared for the current quarter to shareholders of record of December 16th, and that the same will be payable on and after Saturday, the second day of January next, at any of the offices of the Bank in Canada.

By order of the Board.

H. D. BURNS, General Manager.

Halifax, N.S., November 10th, 1942.

PRESTON EAST DOME MINES, LIMITED

(No Personal Liability)

DIVIDEND NO. 13

NOTICE is hereby given that the regular quarterly dividend of five cents per share has been declared on the issued Capital Stock of the Company, payable in Canadian funds, January 15th, 1943, to shareholders of record at the close of business on the 23rd day of December, 1942.

By Order of the Board.

L. I. HALL, Secretary.

Toronto, November 7th, 1942.

Noranda Mines, Limited

DIVIDEND NOTICE

Notice is hereby given that an interim dividend of One Dollar ($1.00) per share, payable in Canadian funds, has been declared by the Directors of Noranda Mines, Limited, payable December 15, 1942, to shareholders of record at the close of business November 20, 1942.

By order of the Board.

J. R. BRADFIELD, Secretary.

Toronto, November 3, 1942.

VENTURES LIMITED

25 King Street West, Toronto

DIVIDEND NO. 15

NOTICE IS HEREBY GIVEN that a dividend of 5 cents per share has been declared by the Directors of Ventures Limited, payable in Canadian funds on December 30th, 1942, to shareholders of record December 10th, 1942.

Payment of this dividend is, under present conditions, subject to obtaining the approval of the Foreign Exchange Control Board.

By order of the Board.

H. WHITTINGHAM, Secretary-Treasurer.

November 6th, 1942.

Ban Grain Short Selling

Step Forced by Official Futures Buying Policy

From Our Own Correspondent

WINNIPEG. — A ban on short selling of all grain on the Winnipeg Grain Exchange was imposed last week. The only sales of futures permitted are those made in connection with hedging operations to close out previously acquired futures, or in spreading between different months. Short sales made for hedging purposes must be closed out by equivalent purchases.

These regulations, made by the council of the Winnipeg Grain Exchange, presumably at the request of the Canadian Wheat Board, became necessary when the Wheat Board began to buy futures in oats and barley in line with the price guarantee policy of the government for the current year. Up until recently it had not become necessary for the Wheat Board to do any buying to implement those guarantees, there being sufficient open market demand to take care of offerings. However, as deliveries of coarse grains increased at country points, it was obvious that elevator companies would have difficulty in continuing purchases unless they were provided with facilities for hedging those purchases by sales for deferred delivery.

No Delivery Assurance

Any assurance of early delivery was out of the question, with the Wheat Board regulating shipments by rail from country elevators, and with congestion at terminals making it likely that restrictions might be made still more stringent in the near future. The Wheat Board appears to have exercised the powers given it by order-in-council to purchase oats and barley futures, whenever the cash prices of those grains are at certain minimum levels. Elevator companies apparently took advantage of the situation, hedging not only current purchases, but also purchases made in the recent past, on which hedging may have seemed unnecessary, because of the guarantee of minimum prices.

Big Futures Trade

On that account a very considerable business in oats and barley was done in the futures market, for May delivery, quite independently of the trade going on in cash oats and barley. So far as that edmand is concerned, the enquiry for oats to be shipped to the United States has remained brisk. Quite evidently buyers there are getting used to the idea that it may pay them to use Canadian grain extensively.

Similarly, the demand for malting barley for shipment to the United States is good, and Canadian maltsters have had to keep their bids right up to ceiling prices to prevent the loss of malting barley to American competitors. It happens, however, that maltsters south of the international border do not all want the same type of barley, and that requirements there are somewhat different from those in Canada, so that the supply situation has not been unduly tight.

The situation is different with respect to feed barley. That grain is used for feeding in the United States to a much smaller extent, comparatively speaking, than is the case in Canada. Corn, and not barley, provides the standard feed for hogs in a country which characteristically produces lard hogs instead of the lean bacon type which command premium prices in Canada. Observers still believe that the United States will find occasion to use a good deal of our barley before the end of the crop year, but that the demand will not become excessive until home grown feeds have been called on to a large extent.

Elevator Situation

Country elevators in Manitoba and Saskatchewan are now practically filled with grain. In Alberta, where the harvest was later, and where a larger percentage of the crop still remains unthreshed, there is still space for more grain at many country elevators. Terminal elevators at the head of the lakes are either filled or have cars awaiting unloading in sufficient numbers to fill them.

The rate at which further deliveries of grain can be made by farmers is thus mainly dependent upon the rate at which grain goes forward in consuming or export channels. Total deliveries of wheat in western Canada for the crop year have almost reached 100 million bushels, which would be the equivalent of a five bushel per acre quota for every farmer. At a number of points higher delivery quotas have been effective, but the excess at such points is balanced by the fact that farmers elsewhere have not yet been able to find space for a five bushel quota.

Confine Car Supply

Wheat Board regulations confine the supply of railway cars for wheat shipments to those points where farmers have not yet been able to deliver the five bushel quota. An exception is made for the few points where there are supplies of durum wheat, which the Wheat Board is trying to get forward to the head of the lakes, in order to take advantage of the current demand, which has resulted in a premium of approximately five cents a bushel over the price of No. One Northern.

Movement of oats is facilitated from all points, as the supply of this grain has not yet caught up with the demand and there is no immediate danger of oats adding to the congestion of lakehead terminals. Shipments of malting barley are also encouraged, but cars are not allowed to be supplied for the movement of feed barley, of which supplies in the terminals and en route in railway cars exceed probable requirements in the near future.

Damp Grain Problem

The problem of tough and damp grain is giving some concern. There are facilities for treating such grain for safe storage if once it can be got forward to terminals. But the country elevators cannot afford to take it in with the risk of loss of condition, unless guaranteed railway cars for shipment. The Wheat Board finds it difficult to give preferential treatment for such grain, as to do so may interfere with opportunities of owners of dry grain to make a fair share of deliveries.

Commodities

	Latest week	Previous week	Same week last yr.
Cattle	$10.05	$9.93	$8.65
Hogs	16.41	16.40	14.80
Copper, lb.	*.12	.12	.12
Cotton lb.	.2036	.2002	.1720
Sugar, raw, lb.	*.0374	.0374	.0350
Wheat, Man. (bu.)	.90⅜	.90⅜	.72¾
Coffee, lb.	*.09⅜	.09⅜	.09⅛
Hides	*.15½	.15½	.15⅛
Weekly Indices			
U. S. Labor	99.7	99.7	91.6
Dow Jones (fut.)	85.26	84.01	80.90
Fishers	108.4	108.4	98.6
Monthly Indices			
Canada (D.B.S.):			
Retail (Oct.)	117.8	117.4	115.5
W'sale (Sept.)	96.0	95.6	93.4
U. S. (Aug.)	99.2	98.7	90.3
Gt. Brit. (Aug.)	158.6	159.8	153.2

Note:—The base of indices is that 1926 equals 100. †Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top York. No. 7 coffee, Rio. Sugar—96 degrees centrifugal, c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis.

*Ceiling prices fixed by the office of Price Administration.

Wheat Prices

Winnipeg Grain Futures

Week of Nov. 9, 1942

Crop year from Aug. 1, 1942 High	Low		High for week	Low for week	Close Nov. 9
		Wheat			
.91¼	.90⅜	Dec.	.90¾	.90½	.90½
		Oats			
.46⅞	.45	Dec.	.46	.45	.45¾
.48¼	.45⅝	May	.48⅛	.46¾	.48
		Barley			
.61⅛	.60⅛	Dec.	.60⅝	.60⅛	.60⅜
.63¼	.60¾	May	.63¼	.62½	.63¼
		Rye			
.63¼	.53⅜	Dec.	.57½	.54⅜	.56¾
.64¾	.56¼	May	.60⅜	.56⅛	.59⅝

Cash Quotations

For Week

Wheat	Nov. 9 High	Nov. 9 Low	Prev. Week High	Prev. Week Low
1 Nor.	.90⅝	.90⅜	.90⅜	.90¼
2 Nor.	.87⅛	.86⅞	.86⅞	.86¾
3 Nor.	.86¼	.86	.85¾	.85⅝
4 Nor.	.85½	.85⅛	.85⅛	.85⅛
5 Wheat	.84	.83⅛	.83⅞	.83⅞
6 Wheat	.82¾	.82½	.82⅝	.82⅝
Feed	.80¾	.80½	.80⅝	.80⅛
Oats:				
2 C. W.	.46⅜	.45¾	.46¼	.45⅜
3 C. W.	.44¼	.43	.43⅛	.42⅛
Barley				
1 Feed	.56	.56	.56	.54⅝
2 Feed	.54⅝	.54	.54⅜	.53¼
Barley				
2 C. W.	.56¼	.54⅛	.54¾	.54

NORRIS GRAIN COMPANY
LIMITED
C. C. FIELDS, Pres. GEO. S. MATHIESON, Vice-pres.
C. E. BABBITT, Sec'y.
Grain Merchants, Shippers and Exporters
709 Grain Exchange, Winnipeg
NEW YORK CHICAGO KANSAS CITY TOLEDO
ST. LOUIS BALTIMORE LONDON LIVERPOOL

RELIANCE
GRAIN COMPANY LIMITED
Owners and Operators Country Elevators and Terminals
Exporters and Shippers
SMITH, MURPHY CO. INC.
510 PRODUCE EXCHANGE, NEW YORK
Head Office: 919 Grain Exchange, Winnipeg
Branch Offices: Toronto and Vancouver

THE ALBERTA PACIFIC GRAIN COMPANY
LIMITED
(Licensed and Bonded with the Board of Grain Commissioners)
OPERATING
464 Country Elevators
73 Flour Warehouses
227 Coal Sheds
Terminal Elevators at Vancouver and Port Arthur
(Capacity—[illegible] Bushels)
Offices: Calgary and Winnipeg
(36)

Since 1857
James Richardson & Sons
LIMITED
Grain Merchants
Shippers and Exporters
HEAD OFFICE
WINNIPEG
Branches Throughout Canada

Maple Leaf Milling Company Limited

(A Company incorporated under the Ontario Companies Act) and its wholly-owned Subsidiaries

CONSOLIDATED BALANCE SHEET as at 31st July, 1942

ASSETS

Current:		
Cash on hand and in banks		$ 70,149.24
Accounts and bills receivable:		
Ministry of Food of the United Kingdom	$ 204,843.61	
Other trade and sundry accounts, less reserve	1,291,444.55	1,496,288.16
Inventories of merchandise and materials as determined and certified by the management on the company's usual basis of valuation, namely:		
Hard wheat and hard wheat flour at not more than market value of wheat and cost of milling; wheat and flour sold under contracts at cost which is less than contract price	$1,763,786.58	
Coarse grains, cereals, feeds, bags and other products and materials, at the lower cost or market value, less special reserve	1,236,633.12	3,000,419.70
		$4,566,857.10
Sundry:		
Deferred charges and other payments carried forward	$ 108,465.97	
Inventories of repair parts and supplies less reserve	103,821.47	
Excess profits taxes refundable after the war (estimated)	8,000.00	220,287.44
Investments:		
Shares of controlled companies based on valuations by the management in 1926 less amounts written off	$1,750,159.11	
Other investments, mortgages, exchange seats and properties acquired, held for sale, less reserve	162,235.77	1,912,394.88
Fixed:		
Real estate, plant and equipment at the depreciated replacement valuation as appraised by Canadian Appraisal Company Limited as of 15th June, 1929, plus additions at cost	$5,934,660.69	
Less reserve for depreciation	2,246,367.21	
	$3,688,293.48	
Trucks and automobiles at cost less depreciation	88,676.34	3,776,969.82
Trademarks and goodwill		300,000.00
		$10,776,509.24

LIABILITIES

Current:		
Current bankers' advances (secured)		$ 650,699.12
Bills receivable under discount		204,843.61
Owing for undelivered purchases of grain, etc. (secured)		586,491.86
Accounts and wages payable and accrued charges		408,837.58
Taxes payable and accrued (including provision for estimated income and excess profits taxes)		937,057.43
Bond interest accrued		21,675.00
		$2,809,604.60
Deferred:		
Deferred bankers' advances (secured)		1,872,111.90
Bonds:		
First mortgage bonds due 1st December, 1958—3% interest to 1st December, 1943, 5½% thereafter	$5,000,000.00	
Deduct redemptions	665,000.00	
	$4,335,000.00	
Less purchased for sinking fund	402,500.00	3,932,500.00
Capital:		
Authorized:		
100,000 Class "A" participating preferred shares of no par value redeemable at $17.50 per share and entitled to a dividend of 70c per share per annum, cumulative from 1st December, 1938		
300,000 common shares of no par value		
3 management shares of no par value		
Issued:		
91,997 Class "A" shares at $14 per share	$1,287,958.00	
250,100 common shares at $1 per share	250,100.00	
3 management shares at $1 per share	3.00	
	$1,538,061.00	
Less stated value of shares held by a subsidiary	20,482.00	1,517,579.00
Note: Dividends on the Class "A" participating preferred shares from 1st December, 1938, are unpaid.		
Earned surplus—balance accumulated since 1st August, 1934		644,713.74
Contingent liabilities:		
(1) For possible additional taxes in respect of prior years.		
(2) Guarantee of quarterly dividends on preferred shares of Eastern Bakeries Limited to 15th January, 1944, not exceeding $13,000 per annum.		
		$10,776,509.24

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the consolidated balance sheet of Maple Leaf Milling Company Limited and its subsidiaries as at 31st July, 1942 and of the statements of profit and loss and surplus for the year ending on that date. In connection therewith we examined or tested accounting records of the company and its subsidiaries; we also made a general review of the accounting methods and of the operating and income accounts for the year and made tests of the year's transactions.

We report that, subject to the values at which investments in shares of controlled companies are stated and to the adequacy of the accumulated reserve for depreciation, in our opinion, based upon our examination, the accompanying consolidated balance sheet and related statements of profit and loss and surplus have been drawn up so as to exhibit a true and correct view of the state of the companies' affairs as at 31st July, 1942 and of the results of their operations for the year, according to the best of our information, the explanations given us and as shown by the books of the companies. All our requirements as auditors have been complied with.

Toronto, Canada, 19th October, 1942.

CLARKSON, GORDON, DILWORTH & NASH, Chartered Accountants.

CONSOLIDATED SURPLUS ACCOUNT for the Year Ended 31st July, 1942

Balance 31st July, 1941 (including capital surplus, $691,349.80, arising from reduction in share capital in 1934)		$ 893,038.24
Less written off leases and contracts		700,000.00
		$ 193,038.24
Add:		
Net profit for the year	$353,369.25	
Discount on purchase of company's bonds for sinking fund	98,306.25	451,675.50
Balance at 31st July, 1942, consisting of earned surplus accumulated since 1st August, 1934		$ 644,713.74

War Risk Insurance Explained

Matson Discusses Application to Business Properties

Application of the Dominion Government's war risk insurance plan to business properties was explained by James Matson, supervisor of the plan, before the Montreal Board of Trade last week. Mr. Matson stated that after Pearl Harbor there was no commercial market for insurance of property on land against war damage. Following representations made to the government it was decided to provide some plan to compensate for war damage. The government, he says, had no intention to compete with ordinary business but only to provide protection otherwise unobtainable not to provide insurance at a cheaper rate than the going market rate.

Summary of his remarks follows:

At the request of the government, a survey of the situation right across Canada was made by T. D'Arcy Leonard of Toronto, and the guiding principles as laid down in Mr. Leonard's report and subsequently adopted by the government were:

(1) The burden of war damage should be distributed over the nation as a whole in the fairest and most equitable manner.

(2) A property-owner should make a specific contribution to the fund in order to be entitled to compensation.

Government Scheme

It was decided the government should assume liability for war damage in respect of persons who insured, that policies would be issued through fire insurance companies and agents so that the administration costs would be kept down to a minimum. The result of this has been the central office in Montreal has only four employees.

The government has made an initial payment of $5 millions to the fund, and to this will be added the contributions of those who join the scheme. The government has undertaken in the act to make good any deficiency in the fund which arises through claims.

There have been some suggestions that the scheme should be on a purely mutual basis, and that any surplus should, after the war, be distributed to those who had contributed. A mutual scheme would assume that should the fund be deficient, those who had contributed to it would be called upon for further contributions. I do not think that is feasible. It seems to me to be fair that as the taxpayer through the government is undertaking to make good any deficit in the fund, he should get the benefit of any surplus the fund eventually shows and that is provided under the Act. Any surplus is paid into the consolidated revenue fund.

Main Principles

Main principles of the scheme are that the burden should be spread on a nationwide basis and that it should be contributory.

The basic idea of a nationwide burden means that the rate should be a flat rate, that is, there is no zoning. If a person feels that he is at an unexposed location, he may feel that the rate is too high, but there is no guarantee that damage will not happen at his location. Past experience has shown that if the enemy is determined to cause damage, the chances are that damage will take place. Further, the cover granted under the War Risk Insurance Act is not restricted to enemy attack. It also includes damage caused by the explosion of munitions in the hands of third parties. There is a very large volume of munitions being handled in Canada at the present time by ways and means unknown to the general public.

As well as there being no zoning of rates, there is also no refinement of rates, taking into account construction, etc. It was felt that it was advisable to keep the scheme as simple as possible, and therefore the premium is the same for all business property in all locations and irrespective of construction.

The basic idea that the burden should be distributed on a nationwide basis has led to the establishment of what might be called the "all-or-nothing" principle. It was considered essential that anyone deciding to join the scheme should pay a contribution in proportion to his total stake in Canada. There was the further point that if freedom of choice had been left to the individual, it was very probable insurance would have been secured mainly in the Maritimes and British Columbia, which provinces represent approximately 15% of the population of Canada. This would not have spread the burden on a nationwide basis.

Rate

The rate for business property is $0.25 per $100. Many people have said that the rate is too high. When they make that statement they are comparing the rate with some other rate, and I consider that comparisons are not always valid.

I do not consider the comparison with the fire rate for a property is valid. The fire hazard is or can be very much affected by precautions taken by the individual. No similar precautions can be taken in regard to war damage.

Comparison with the rates quoted by the War Damage Corporation in the United States is not valid. The cover is different, and there is in the United States a very much larger base over which to spread the burden.

It is interesting to note that when Newfoundland asked the British Government whether it was possible for them to join the British War Risk Scheme, the British Government quoted a rate of 4½% per annum in respect of stocks.

Rebate of Tax

The war damage insurance premium cannot in all cases be treated in exactly the same way as a fire insurance premium. If the insured is paying excess profits tax, he is limited to charging as business expenses 40% of the premium, so that in all cases where an insured is paying income tax or excess profits tax, the net cost to him of the War Damage Insurance is 60% of the premium, making $0.15 net.

As one of the basic principles of the scheme is that people should contribute, it was not possible to allow persons in the excess profits tax bracket to treat the full premium as a business expense, otherwise they would have been making no additional contribution to the fund over and above their taxes. In some ways it might have been easier to have charged a rate of $0.15 with no rebate of tax whatsoever.

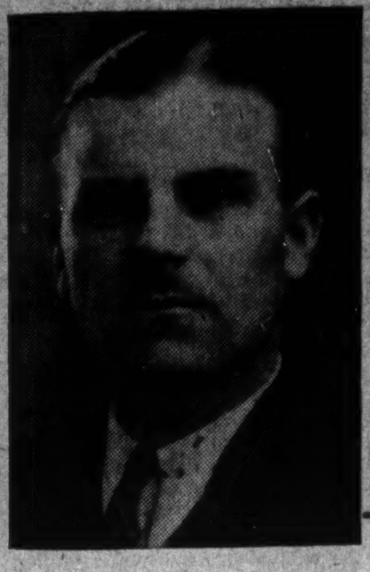
Payment of Claims

In general, claims will be paid in a manner which will not interfere with the war effort. Payments will be made if they are necessary to maintain the health, efficiency and morale of the public. This is the general idea underlying the free compensation part of the scheme with which I am not dealing at the present time. Repairs will be carried out on plants which are essential for the war effort.

All cases will be judged on their merits, but in general, the method of paying claims will have to fit in with the war effort and the general situation in regard to supplies. The damage will be assessed as soon as possible after it has occurred, and interest at the rate of 2½% per annum is payable on all claims until they are finally paid.

Make Good Deficiencies

The government's position is that in order to meet a public demand, it has provided a scheme of War Risk Insurance. That scheme has been drawn up on lines considered to be suitable for conditions as they exist in Canada. It is hoped that the fund will be self-supporting, but if not, the government undertakes to meet any deficiency. In order to keep administration costs as low as possible, the insurance industry has put its services at the disposal of the government, but in order to make the scheme a success, the full co-operation of the public in supporting the scheme is required.



SILVERWOOD APPOINTMENTS

Two important promotions have been announced by Silverwood Dairies, Ltd. J. H. Duplan, left, managing director, has just been named by the board as vice-president and general manager. Eric B. Nelles, purchasing agent, right, was appointed assistant general manager at the annual meeting of the dairy firm's board.

Life Institute Helps Solve Staff Problems

Value of Educational Courses to Young and Untrained Pointed Out by V. R. Smith — Says Life Companies Have Stood Test

The Life Insurance Institute of Canada through its educational courses can help the young and untrained make good the current shortages in staffs, V. R. Smith told the members in his presidential address at the opening meeting in Toronto recently. The staff shortages are due to the transfer of men and women to direct war activities he explained. Mr. Smith is general manager of the Confederation Life.

Life insurance, he declared, owes its universal appeal to the most impelling impulse that drives mankind forward, the love of a man and a woman for each other and their families. This was the reason why four million Canadians have become the owners of $7 billions of life insurance, why Canadians are said in peacetime to place 50% of their savings in life insurance, why more than half the adult population of Canada seeks financial security "in this greatest of all co-operative private enterprises."

Based on Confidence

Faith of the public in life insurance he attributed to confidence that savings are secure and that the companies will perform every service they have undertaken to perform.

"The companies," he said, "have been tested in the past, notably during the last war and especially in 1918-19, during the scourge of the influenza epidemic, and again in 1932 and 1933, during the depths of a world-wide depression."

Unusual Test

"The ingenuity and resourcefulness of the life companies," he continued, "received a new and unusual testing when the government recently decided to move large numbers of men from one industry to another and from one community to another. When this was proposed little thought was given to insurance problems but soon the question arose, 'What about my group insurance?' 'What about my hospital benefits?' 'Who will pay the premiums?' Many complex and technical problems arose which are happily in the way of being solved, perhaps not perfectly but it is hoped acceptably for the duration of the war. No one group is responsible for the solution; many had a hand in working it out—accountants, actuaries, clerical staffs and salesmen. The part played by the salesman is perhaps least readily recognized but, quite recently, when the government asked for help in solving some of the field problems encountered in the moving of masses of workers from industry to industry, it was salesmen whom the companies offered. The salesmen are the service men of the group business—the 'trouble-shooters' if you wish."

While public savings collected as premiums and invested in securities were generally regarded as assets, he urged they be thought of as a quickening stream running through the country, in peacetime, enabling government to carry on public works, and develop communities, and individuals to build homes, develop farms and so forth.

Buy Victory Bonds

"In time of war," said Mr. Smith, "life insurance turns practically all its financial resources exclusively to the government's service in carrying on the war. During 1942, life insurance in Canada will subscribe approximately $300,000,000, one-sixth of the total, to the war loans of the Dominion in addition to other substantial subscriptions to the war financing of the United States and Great Britain by those companies doing business in these two countries. In the same period the total premium income in Canada is less than $250 millions.

"I have mentioned this for the purpose of pointing out the important part life insurance plays in combatting a runaway inflation, the evil thing which the Dominion Government is fighting with all the resources at its command."

Says Premium Rate Must Be Adequate

This and Substantial Volume of Business Important Factors in Company Stability and Soundness, Says Parry

Insurance protection must come primarily from the premium dollar, F. J. Parry, vice-president of the American Surety Co. of New York told the convention of Ontario Fire and Casualty Insurance Agents in Toronto recently.

Two essential factors in ensuring the financial soundness and stability of a company are that premium rates be adequate and that there be a substantial volume of business written at these rates, he declared.

Two Questions

Of concern to both the buyer and the producer of insurance is not merely how little must the prospect pay, but whether he is paying enough to be certain of payment when the contingency against which he is insured occurs.

Another question of importance he noted is what the company does with the premium dollar.

Said Mr. Parry in part:

Degree of Solvency

"The degree of solvency to be maintained is not merely that which permits of the payment of claims during times of peace and cycles of prosperity, but which permits a company to function normally in the very front of war, pestilence and dislocation of our social and economic structure, for then the policyholder is most in need of protection.

"This protection must come primarily from the premium dollar, and out of that dollar, costs of administration have to be paid and legal reserves set up before surplus funds can be laid aside to meet the normal claims to provide for catastrophic losses and to pick up the slack created by shrinkage in investment values.

"There is a constant search by an alert management to effect economies, without impairing efficiency or exploiting the payroll, which will permit a return of part of the expense dollar to the policyholder in the form of lower rates or increased protection. This, plus prompt payment of all just claims and fair treatment of one's policyholders and agents are elements which the management may contribute as a direct factor in sales promotion.

Not a Commodity

"Insurance is not a commodity, neither is it service, and, therefore, its sale cannot be treated from either standpoint. It is not contemplated that a policyholder will make a profit out of his insurance.

Insurance, as you all know, is a promise on the part of the insurer for a consideration to pay money or do something upon the happening of a contingency which may or may not occur.

"The element of the long pull is a predominant factor in all insurance contracts and something which is not so pronounced, if at all, when it comes to the question of merchandizing commodities and services.

"When one buys insurance it is for the protection the policy affords which may be needed only at some distant time or as the policyholder should hope, not at all."

But although insurance has its genesis in man's need for protection, it has to be sold, said Mr. Parry, and here the salesman is an essential factor in producing premium dollars. The art of selling was as old as the hills, but, he proceeded, while responsibility for production of premium dollars rests on the salesman's skill the quality of what he has to sell is vitally important. The management of the companies with the aid of the agents must always be alert to welcome changes that make for progress.

Sees Oil Lamps New Fire Hazard

Dimout regulations in various parts of Canada, prohibiting the use of electricity for lighting store windows, has resulted in many merchants using coal-oil or gasoline lamps for the purpose. While some types of lamps are considered perfectly safe as far as fire hazards are concerned, others may not be so satisfactory.

The Canadian Underwriters' Association has issued a statement warning that the use of these lamps may constitute "a change material to the risk and if insurance is carried may possibly vitiate the policy." Accordingly a merchant considering this sort of illumination for his store windows would be well advised to consult with his insurance company to make sure that his insurance is kept in good standing.

Insurance Notes

W. S. Penny of Montreal will be chairman of the opening session of the joint annual meeting of the Association of Life Agency Officers and the Life Insurance Sales Research Bureau, in Chicago, Nov. 17-19. Mr. Penny is director of agencies of the Sun Life of Canada, and chairman of the Research Bereau's executive committee.

J. G. Parker of Toronto will be chairman of the meetings on Nov. 18. He is general manager of the Imperial Life of Canada and chairman of bureau's board of directors. John H. Evans, vice-president of the Ohio National Life will be in charge of the third day's sessions. He is chairman of the executive committee of the Association of Life Agency Officers.

* * *

The field force of the Great-West Life have arranged a sales contest in November to honor members of their organization who are in the armed forces of Canada and the United States. Cash awards for production will be pooled to purchase a Christmas parcel for each company representative on active service. The larger the volume of business in November, the larger the Christmas parcel fund will be. Individual awards to leaders in the November campaign will be war savings certificates in Canada, and defense bonds in the United States.

* * *

Lorne W. Matheson has been appointed secretary of the British Columbia investment branch of the Canada Life Assurance Co. He was formerly acting secretary of the branch.

* * *

K. L. Thompson of the Toronto branch of the Canada Life has been elected deputy reeve of Weston, Ont.

Summer Cottages Insurable Against War Risks

Under ruling by the supervisor of the government war risk insurance plan, summer cottages may be insured against war damage by payment of the premium rates set for residential properties. They are not, however eligible, in any circumstances, under the free compensation section of the War Risk Insurance Act.

The supervisor has also ruled that as many oil companies have a very large number of small properties at various locations, gasoline stations they own must be scheduled individually. In cases where they don't own the station, but merely some equipment at it, all such equipment can be blanketed in one general cover, subject to 100% co-insurance.

While personal furs of a private individual are eligible for compensation under the free compensation scheme and can also be insured by a private owner under the insurance scheme the indemnity is subject to restrictions limiting the amount of insurance which may be payable on any one item of a list of certain specified articles such as works of art, jewellery, furs, etc.

Insurance Problems

Unlicensed Insurance

I have been approached to buy fire insurance from an American company that is not licensed in this country. The rates are attractive. Do you think it safe to buy this insurance?

—

An American company that is not licensed to write insurance here has no legal status in this country. This means that in case of any dispute over a claim you would not be able to take your case to a Canadian court for disposal. Accordingly, no matter how sound a company may be otherwise, it is not advisable to insure with it unless it is licensed here. When it takes out a license it then has to place a deposit with the Dominion Government for the protection of Canadian policyholders and its operations are open to the inspection and supervision of the Superintendent of Insurance.

Bank Chat

Returns to Toronto

After three years' absence at Ottawa with the Foreign Exchange Control Board, Alex McD. McBain has returned to his former position as manager of the Foreign Department of the Bank of Nova Scotia at Toronto. While with the F.E.C.B., as public relations officer, Mr. McBain explained to business men, exporters and importers of Canada and the United States the need of foreign exchange control, and how the regulations worked.

Feeling that his efforts have accomplished their purpose, Mr. McBain has now resigned from F.E.C.B.

Montreal Trams Resumes Payment

Commission Orders Payment of Rental After Five Year Lapse

From Our Own Correspondent

MONTREAL.—City of Montreal will collect $669,017 under the terms of its contract with the Montreal Tramways Co., the Montreal Tramways Commission has ruled. Moreover, the board says there is reasonable assurance of further payments in future.

This will be the first payment Montreal has received from the company on account of rent for the use of the streets in five years.

By the terms of its agreement the company is obligated to pay the $500,000 rental annually only if the sum is earned after making provision for certain prior charges.

The decision of the board orders the immediate payment by the company of $169,017 and, in addition, $500,000 representing full rent for the current year.

There is a possibility the city may get something more, as the company's operations may show a sufficient surplus to require a payment on account of arrears.

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"I've learned the value of PREPAREDNESS"

"ONE sure thing that my training as an Air Raid Warden has taught me is the importance of being prepared. I don't know that enemy bombs will ever drop in my sector. I do know that only preparedness can prevent unnecessary suffering if they do.

"It's a lesson that has made me think. Wartime threats to my home and loved ones will pass. The chance that my family may someday be left to carry on alone will remain. Without something to replace my earnings, they'd be in a tight spot indeed!

"So I've done the only thing a man in my position can do. I had a Life Insurance representative work out a plan, within my means, that would give them a guaranteed monthly income in case I die unexpectedly.

"It's a plan that I can expand as my income increases and that's what I aim to do. I've removed a threat to my loved ones that is just as real as high explosives and incendiaries and probably far less remote. I'll never be caught without as much Life Insurance as I can afford."

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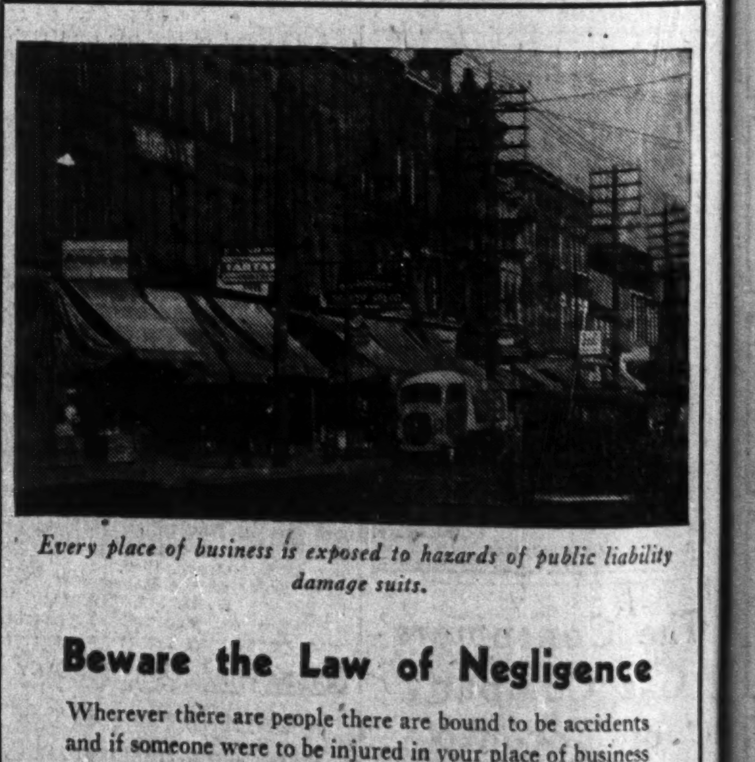
COLIN E. SWORD, Manager for Canada



Every place of business is exposed to hazards of public liability damage suits.

Beware the Law of Negligence

Wherever there are people there are bound to be accidents and if someone were to be injured in your place of business you might find that simple accidents can be extraordinarily costly—to you. Even though such an injury should result from some circumstance of which you were totally unaware, the laws of negligence are such, that more than likely you would be found responsible. A "Federal" Public Liability Insurance policy is a commonsense and economical precaution that will bear the burden of your liability to the public and will give you financial protection against the ever present possibility of heavy damage suits.

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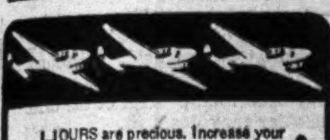
SHAW BUSINESS SCHOOLS

Canada Wire & Cable Co. announces that the directors have authorized the redemption of 3,555 shares of the outstanding 6½% cumulative preferred stock at 107½ and accrued dividend. The redemption is to take place on Dec. 2 and will leave outstanding 25,000 shares of the par value of $2.5 millions.



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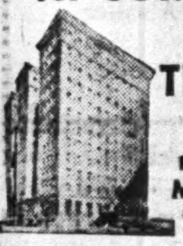

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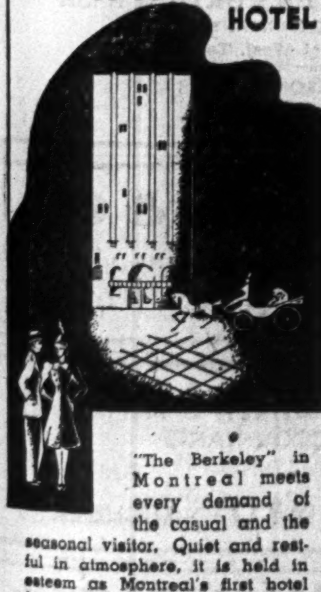

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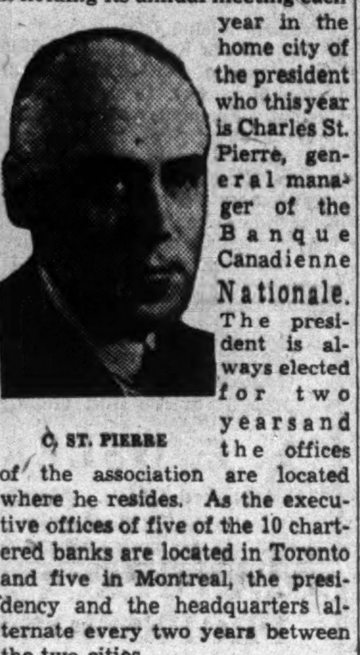
The Berkeley

St. Pierre Heads Bankers

Second Year of Office Finds Problems Intensified

By DONALD G. MACLEAN

Annual meeting of the Canadian Bankers Association in Montreal this week, fourth of the second world war, spotlights both the problems faced and the services rendered by the banks in a war economy. Many of the conditions are not new; similar ones were faced in the previous war. But on this occasion they have been intensified. The association provides a common ground for consideration and discussion. Calling of the meeting in Montreal is due to practice of the association in holding its annual meeting each year in the home city of the president who this year is Charles St. Pierre, general manager of the Banque Canadienne Nationale. The president is always elected for two years and the offices of the association are located where he resides. As the executive offices of five of the 10 chartered banks are located in Toronto and five in Montreal, the presidency and the headquarters alternate every two years between the two cities.



C. ST. PIERRE

Changes Since 1939

Financial condition of the banks as a group has undergone considerable change since the war began. Enlistment of many of their staffs in the armed forces has produced serious problems as regards personnel.

The following table shows how, during the last three years, total loans of the banks have risen slightly, while investments and deposits have expanded substantially.

Millions of Dollars

	Sept. 30 1942	1941	1939
Total assets	4,561	4,053	3,604
Loans, Canada	1,077	1,273	1,070
Loans, outside	173	179	200
Investments	2,340	1,696	1,302
Deposits, Canada	3,275	2,665	2,456
Savings	1,748	1,555	1,692
Demand	1,527	1,110	763
Deposits, outside	518	458	490
Banks' cash	365	308	279

The total loans in the banks at Sept. 30, the latest date for which figures are available, were slightly above the same date at the beginning of the war, but substantially lower than a year ago.

Demand for Credit

In the earlier part of the war there was a substantial demand for loans to finance industry. Credit was wanted to finance larger industries and payrolls. The large wheat crop of 1940 also meant a big demand for loans to finance grain stored in the elevators. As the war went on, however, many of the war industries were financed directly by the government while larger concerns on war work have been able to use increasing amounts of their own money to finance.

In the War and Victory Loan campaigns the banks have made it possible for investors to buy bonds on easy terms.

Meanwhile investments of the banks have shown steady expansion. In recent months the trend has been greatly accelerated by borrowing by the Dominion Government on deposit certificates. This borrowing is of a short term nature, the certificates running for six months. Since this policy was inaugurated at the end of July about $645 millions of these deposit certificates have been sold to the banks.

Government expenditures on materials and wages for war work have boosted national income, hence savings deposits. While both savings and demand deposits have expanded, largest growth has been in demand deposits which have more than doubled in the three years.

Reservoir for Loans

Savings deposits in January, 1940, just before the first war loan, reached the high level of $1,750 millions. On Sept. 30, after four more public loans they were back almost to the record level. Demand deposits were at a new record high level.

More active business conditions have been responsible for the expansion of the banks' cash to meet the demands of customers for notes.

The increase in bank cash has been accompanied by expansion in the note circulation of the Bank of Canada from $207.7 millions at the end of September, 1939, to $625.4 millions on Sept. 30, 1942.

A development of the war has been a sharp increase in bank taxes. Strictly comparable figures are not available, but the earnings statements of the banks show taxes paid to the Dominion Government alone in the fiscal years ending in 1941 were $9.1 millions compared with taxes paid to both the Dominion and provincial governments in 1940 amounting to $8 millions and to $5.1 millions in 1939.

Increases in the excess profits tax by the budget of June 23, 1942, resulted in all except the Bank of Toronto reducing their dividends.

The banks have tried to overcome higher costs and loss of personnel by employing larger numbers of women, by closing many branches and by cutting out the number of forms and returns required, thereby reducing the amount of clerical work. At the request of the Dominion government the banks are now working on a policy of further curtailment.

51st Meeting

The meeting in Montreal this week is the 51st annual meeting of the Association.

Organized first as a voluntary organization it was incorporated by act of parliament in 1900. Its declared objects are the supervision and regulation of bank note circulation and clearing houses, education of bank employees. It also watches legislation and court decisions relating to banking.

At present there are ten chartered bank members but when the association was first incorporated there were 34. Every member has a voice in discussions. Certain by-laws, especially those having to do with clearing houses, must be approved by the treasury board before they have any force.

Responsible for Note Issue

The immediate factor responsible for the formation of the association was the fact that in 1890 the banks had been made mutually responsible for circulating notes. By the establishment of the Bank Circulation Redemption fund they were required to deposit with the Minister of Finance 5% of their yearly average note circulation and if necessary further assessments could be made. Thus, holders of the banks' notes were protected against loss in event of bank failure. The banks felt that if they were to be held mutually responsible for the fund, they should as a body have some voice in the management, distribution and destruction of such notes. Other functions have been added from time to time, some of which have been assigned to the association as duties by the Bank Act.

New Wartime Regulations

Post Summary of Latest Rulings from Ottawa

HARD FIBRE. M. & S. Order C. S. 34C-3, Oct. 17. After Dec. 1 no person shall use any sisal fibre in making tying twine unless he has written permission. No person, without a permit, may make more tying twine containing sisal fibre in November than 35% of his monthly average in 1941. Con. of Supplies, A. H. Williamson.

• • •

JEWELLERY TRADE. W. P. T. B. order A-447, Oct. 22. The discontinuance of free insurance on jewellery is authorized. No person may hold an auction sale of new jewellery without written permission, except pursuant to court order or to settle an estate. No person shall ship jewellery on consignment. Adm. of Jewellery, Herman H. Levy.

• • •

METAL CONTAINERS AND CLOSURES. W. P. T. B. order A-425, Oct. 23, designates the types of metal containers and closures which may be manufactured, and the products which may be packed therewith. Adm. of Metal Containers, L. F. Burrows.

• • •

NEWSPRINT PERMITS. W. P. T. B. order A-451, Oct. 26, brings under control the production, sale and shipment of newsprint, making all these phases subject to permit. Newsprint Adm., R. L. Weldon.

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FUELWOOD. W. P. T. B. Fuelwood order 49, Oct. 26, fixes maximum prices of fuelwood in Edmonton. Coal Adm., J. McG. Stewart.

• • •

SAFES. M. & S. Order C. S. 29D, Oct. 27. No person may sell a safe after Nov. 16 without written permission, and no consumer may purchase a safe without such permission. Con. of Supplies, A. H. Williamson.

• • •

NON-FERROUS CASTINGS ADVISORY COMMITTEE. M. & S. Order M. C. 30, Oct. 27, sets up a nonferrous castings advisory committee to advise the metals controller. Deputy Metals Con., F. M. Connell.

• • •

NEWSPRINT. W. P. T. B. order A-454, Oct. 28. In any month from November on no newsprint producer may manufacture a greater amount of newsprint than his monthly average in the period April 1 to Sept. 30. Control is also placed on the amount of newsprint which may be delivered to a consumer. Newsprint Adm., R. L. Weldon.

• • •

LEAD. M. & C. Order M.C. 11-B, Oct. 28. No virgin lead in pig or ingot form may be bought or sold without written approval. Written approval is also required for transactions in secondary lead or lead base alloys containing more than 50% lead by weight (except type metal, babbitt or solder) in pig or ingot forms. Metals Con., George C. Bateman.

• • •

CREAMERY BUTTER. W. P. T. B. Order A-457, Oct. 31. Without written authority, no person shall hold a quantity of creamery butter after Nov. 30 which is more than 75% of the amount of butter he held at Nov. 30, 1941. Every person who owns or holds at Nov. 30 more than 5,000 pounds of creamery butter shall make a report. Foods Adm., J. G. Taggart.

• • •

BUS PASSENGERS. M. & S. Order Transit 3-B, Oct. 31. After Nov. 15 no person shall supply any ticket for the transportation of a passenger by public vehicle for a greater distance than 50 miles one way or 100 miles return without written approval. Transit Con., George S. Gray.

• • •

SERVICES.—W. P. T. B. Order 160, effective Nov. 2, lists the different types of services over which the administrators shall have jurisdiction. W. P. T. B. Chairman, Donald Gordon.

• • •

SHOTGUNS. W. P. T. B. Order A-459, Nov. 2. Written permission is necessary to sell a shotgun at wholesale or retail. All persons who have shotguns in stock must make a report, giving the type and gauge of each gun. Co-ordinator of Sundry Items, L. E. Messinger.

• • •

ACQUISITION AND EXPANSION OF BUSINESS. W. P. T. B. Order 184, effective Nov. 2, prevents the owner of a business from opening new establishments or taking on new lines of goods. The effect is to freeze business in Canada. W. P. T. B. Chairman, Donald Gordon.

• • •

SOAP. W. P. T. B. Order A-458, Nov. 2. No manufacturer shall sell any bar or packaged soaps or cleansers which differ in weight or quality from a bar or packaged soap or cleanser sold by the manufacturer during the basic period Sept. 15 to Oct. 11. After Nov. 15 the weight of contents must be clearly marked on every soap package. Adm. of Oils and Fats, Phyllis G. Turner.

• • •

SHIPPING TAGS. W. P. T. B. Order A-456, Nov. 2. This regulates the sizes of shipping tags, and the kind of stock from which they may be made. Adm. of Converted Paper Products, N. E. Wainwright.

• • •

HOUSING ACCOMMODATION. W. P. T. B. Order 200, effective Nov. 4, suspends for the duration of the war local by-laws which prohibit boarding houses in certain residential districts of Canadian cities. W. P. T. B. Chairman, Donald Gordon.

• • •

BUILDING SUPPLIES. W.P.T.B. Order A-460, effective Nov. 16. This regulates the delivery of building and construction materials, and limits the refund which may be allowed for materials ordered and delivered in excess of actual requirements. Adm. of Service, James Stewart.

• • •

ELECTRIC STOVES. M. & S. Order C. S. 10E-1 makes it unnecessary to obtain a certificate of essentiality to buy an electric stove in some parts of Canada—notably the Prairie Provinces and the Kenora, Rainy River and Thunder Bay districts of Ontario. Dept. Con. of Supplies. J. H. Lamprey.

• • •

LABELLING OF FURS. W. P. T. B. Order A-443. A ticket giving the price must be attached to each fur garment offered for sale, and this shall give the correct name of the fur. (Furs with exotic names in the trade thus become dyed rabbit, cat, goat and so on.) Adm. of Fur Skins, Michael Morris.

Weekly Bank Clearings

	Nov. 5 1942 $	Change Year ago %	Oct. 29 1942 $
Halifax	4,958,333	+14.5	3,814,783
Saint John	3,143,237	+20.0	2,647,614
Moncton	1,476,543	+12.7	1,145,134
Sherbrooke	1,184,802	—1.8	1,130,808
Quebec	8,312,295	+21.4	5,519,907
Montreal	182,322,438	+12.8	120,841,854
Ottawa	170,650,490	+157.3	94,086,901
Kingston	973,508	+3.3	753,323
Peterborough	935,517	+13.8	838,725
Toronto	219,123,434	+24.5	134,175,160
Hamilton	8,122,349	+9.5	7,626,464
St. Catharines	1,509,414	+6.5	1,635,424
Kitchener	1,494,976	+1.8	1,222,859
Brantford	1,377,145	+12.0	1,102,185
London	5,919,774	+67.2	2,656,572
Chatham	1,006,096	+36.6	758,327
Windsor	4,318,702	+11.1	5,198,627
Sarnia	567,314	—1.8	485,973
Sudbury	1,169,313	—2.7	1,184,133
Fort William	1,345,138	+3.4	1,034,874
Winnipeg	66,966,411	+17.6	60,422,560
Brandon	736,304	+14.8	573,185
Regina	13,736,717	+107.5	9,276,621
Moose Jaw	1,174,863	+11.2	1,000,467
Saskatoon	2,495,382	+17.8	1,962,233
Edmonton	8,101,551	+15.8	6,687,852
Calgary	10,497,625	+24.4	10,017,756
Lethbridge	1,048,424	+11.2	1,016,555
Medicine Hat	554,492	+4.7	502,920
N. W'minster	1,102,292	+6.6	1,163,569
Vancouver	30,065,638	+11.8	28,605,479
Victoria	2,380,066	+10.5	1,999,870

Can. Invest. Fund Asset Value Up

Changes in Investments During Past Quarter Are Detailed

From Our Own Correspondent

MONTREAL. — Canadian Investment Fund reports that the net asset value per share of stock was 1.2% higher at the end of last September than on June 30, 1942.

During the first nine months of the year outstanding shares of the company increased by 162,725. The total of 2,453,438 shares outstanding on Sept. 30 was the largest in the company's history.

Buy More Stocks

In its quarterly report to the shareholders, the company says that in view of the relatively low price levels and attractive yields in Canadian stocks, the company has been assuming gradually a more fully invested position since June 30.

Changes in the investment portfolio during the past three months, all having to do with common stocks, follow:

	Shares
Sales	
American Can	1,000
Purchases	
Aluminium Ltd.	300
Asbestos Corp.	500
Bank of Montreal	100
B. A. Oil	650
Canada Packers	100
Can. Bank of Commerce	51
Chrysler Corp.	1,050
Dominion Stores	3,400
Dominion Textile	450
Inter. Petroleum	500
Montreal Power	1,550
National Breweries	1,525
Ogilvie Flour	1,000
Royal Bank	100

C.P.R. Lines in U.S. Report Position

Main Section Shows Big Gain, but Vermont Lines Increase Loss

From Our Own Correspondent

MONTREAL. — Consolidated net operating revenues of the Canadian Pacific lines in Maine and Vermont show an over-all improvement for the first eight months of this year compared with the like period of last year.

By far the greatest improvement as shown by the lines in Maine, the net operating income to the end of August passing the $1 million mark, as against only $555,182 in 1941. The lines in Vermont, on the other hand, though they handled a slightly larger volume of business reported a further increase in deficit.

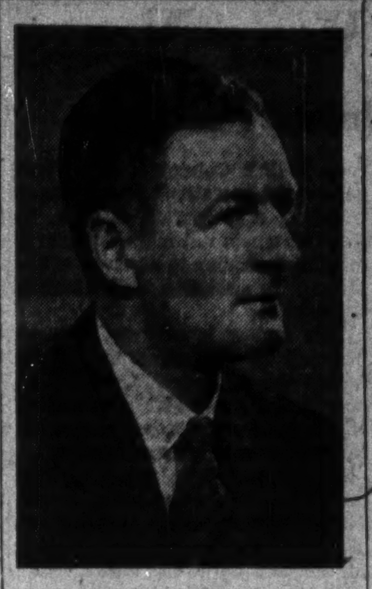
Canadian Pacific Lines
Eight Months Ended August

	1942 $	1941 $
Maine		
Freight revenue	2,759,822	2,353,590
Pass. revenue	428,291	135,296
Oper. income	3,337,275	2,607,941
Net oper. income	1,005,198	555,182
Vermont		
Freight revenue	764,584	779,023
Pass. revenue	87,180	60,316
Oper. income	947,946	923,343
Net oper. income*	409,822	287,650

*Deficit.

Second Inter-State Royalty Corp. reports investments had a book value of $291,306 at the end of last Oct. Gross revenue from royalty income since date of acquisition amounted to $67,639 to Sept. 30, 1942, and reserve for depletion $18,600. During September the corporation had a gross income of $659, while the accumulated royalty income for the year 1942 to Sept. 30 totalled $9,921.

Western Steel Products Corp. has declared a dividend of 50 cents a share, payable Dec. 1, 1942, to shareholders of record Nov. 14. This is the second dividend to be paid on the company's shares, initial payment of 50 cents having been made Dec. 1 last year.



BANK DIRECTOR

J. H. G. F. Vale has been elected a director of Barclays Bank (Canada). Mr. Vale served for many years with Barclays Bank in England and came to Canada in 1932. Since 1934 he has been manager of Barclays Trust Co. of Canada.

Bank of Canada Assets Rise

Expansion in Bond Holdings and Miscellaneous Resources Puts Total Up

Expansion of about $21 millions in investments is shown in the Bank of Canada statement for the week ended Nov. 4. The increase was mainly in short term issues and probably was due to the bank enlarging its reserves against increased deposits and further expansion in the note issue.

Miscellaneous assets were also higher, but holdings of sterling dropped to $503,437. The net result was that total assets were $65 millions higher at $1,059 millions.

	Nov. 4 1942 $	Oct. 28 1942 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	664,415,691	654,293,861
Rest fund	5,585,705	5,585,705
Deposits: Dom.	71,023,971	30,433,967
Banks	276,369,861	268,528,414
Other	19,727,966	17,473,052
Total deposits	367,121,798	316,435,433
All other	17,396,123	12,756,338
Total liabs.	1,059,519,317	994,071,337
Assets		
In Sterling & U. S.	503,437	1,243,012
Subsid. coin	109,789	113,873
Advances	1,000,000	500,000
Investments:		
Dom. gov. sh.	794,283,225	771,617,325
Other Dom. gov.	196,099,008	198,338,319
Total investa.	990,382,233	969,955,644
Premises	2,211,327	2,187,511
All other assets	65,312,531	20,071,294
Total assets	1,059,519,317	994,071,336

National Breweries Ltd. has elected John C. Cushing, C.A., Montreal, to its board of directors. Mr. Cushing is vice-president and comptroller of the company.

McD. & C. Holdings Pays Final 2.7%

Liquidation of Balance of Assets Effected by Liquidator

From Our Own Correspondent

MONTREAL.—McD. & C. Holdings Ltd., (in liquidation) which took over the assets of the former firm of McDougall & Cowans, is making a first and final distribution of 2.7 cents on the dollar of the unpaid balance of the certificates of indebtedness.

In 1932 the firm of McDougall & Cowans went into bankruptcy. Certificates of indebtedness, maturing Feb. 1, 1939, were issued to the ordinary creditors for 110% of their claims. The amount issued totalled $4,862,289.

Most of Claims Repaid

Prior to the maturity of the certificates, McD. & C. Holdings made various payments totalling 57½% or $2,795,750, leaving an unpaid balance of $2,066,539.

As the company was unable to dispose of the remaining assets and make a final distribution before maturity of the certificates, a winding-up order was issued against the company and a liquidator appointed in Feb., 1939. These unsold assets have now been sold and the final distribution is being paid to the creditors.

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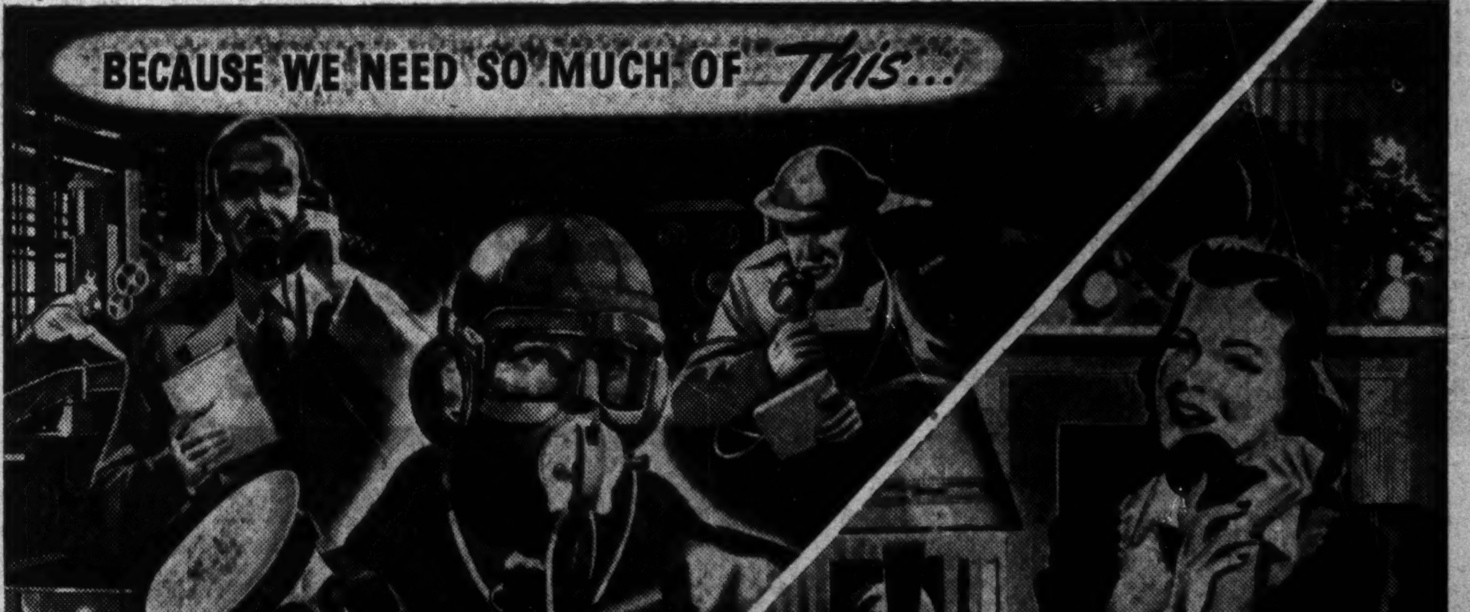

MEASURED by any standards, Canada's war effort has grown very great . . . and every training camp, every air field and school, every naval ship and dockyard, every booming war industry—must be supplied with telephone service. All this must be done in the face of diminishing reserves of telephone materials and line facilities. Though we are using and reusing every last piece of telephone equipment, we have reached the point where we often have to withhold telephone service for non-essential requirements. In this emergency your telephone company asks for your cooperation and your understanding. We regret our inability to supply everyone with telephone service—but first things *must* come first!

The Trans-Canada Telephone System and its member companies are doing their best to meet urgent war needs and at the same time satisfy growing civilian demands for essential telephone service.

TRANS-CANADA TELEPHONE SYSTEM

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Golds Boom on Good War News

Industry Surveys Labor and Curtailment Problems

The strongest upward movement in Canadian gold mining stocks in many months was touched off recently on the various stock exchanges across the country by Allied victories in Africa. Heavy buying of gold issues was reported from London and Canadian investors apparently shared the United Kingdom view that the latest war developments were a favorable factor in gold mining.

Indications were that Ottawa's policy on gold mine curtailment was moderating. It has been pointed out that supplies are still being made available to Canadian gold mines under U. S. priorities and that Homestake and other U. S. gold mines are appealing closure of gold mines in the United States. Mining of ore is still continuing at Homestake.

Completing Survey

A survey of the Canadian gold mining industry is now being completed by the various mining associations across the Dominion led by the Ontario Mining Association under its president Oliver Hall, consulting engineer of Noranda Mines.

The survey takes the form of a questionnaire for each gold mine and it is hoped to have the results available in another two weeks time.

Among the things which it is hoped to determine from the survey are

1. The actual manpower at present in use.
2. The material resources of each mine.
3. How great wreckage might be from curtailment.

It is planned to find out just what depreciation of mine position, of rails and ties, etc., might be occasioned by actual shutdown.

Loss of ore that may be caused by a shut down will also be determined as closely as possible. The cost of reopening a mine is another thing being surveyed.

Watch Developments Elsewhere

The gold mining situation in other countries is being watched closely by heads of the industry. Reports from the United States suggests that the "complete closure" order for gold mines may be modified by the W.P.B. in the cases of certain producers which might find their mines placed in jeopardy by the order.

Gold mining in South Africa is being continued without any appreciable reduction, it is pointed out. A considerable tonnage of shipping is required to send needed supplies to South Africa for gold mining and any drain on resources for continued production of gold here may be relatively lighter than for South Africa.

Draw Australia Parallel

One mining executive tells The Financial Post that he doesn't think gold mining in Canada should have to be curtailed to the extent it has been in Australia which is threatened with the possibility of invasion. Gold mines have not been closed completely there and if individual mines have to close, they are to be allowed compensation for maintenance with money to be made available for starting up again after the war. In Western Australia, employment in the gold mines is not to go below 4,500 men. This compares with an employment of around 9,000 men normally in this section. In other words, it is not planned to allow employment to fall below 50% of normal.

Many Men Lost Here

Preliminary figures on the gold mining labor situation in Canada indicate that our gold mines at present employ about 20,000 men compared with a peak of around 33,000-35,000 immediately prior to the war. Thus the gold producing industry has given up 33 1/3% of its manpower already. There is stated to be a definite limit to the manpower that can be given up without causing the industry to close down entirely.

B. C. Situation Acute

The labor shortage has already become most acute in one Canadian area, British Columbia. Total suspension of operations is threatened within a short period of time, in some instances not more than three months, according to a survey of the Mining Association of British Columbia.

This matter is of great concern not only to the mines themselves but to the dependent communities, and to the provincial government, which is faced with a considerable loss of revenue in consequence.

For the past year, the B. C. gold mines have lost labor to the armed forces and to the war industries to a notable degree; but the situation did not develop to the critical stage until after June 30 of this year when the mines were prohibited from employing labor of any kind until the requirements of the base metal mines had been satisfied. This had the effect not only of restricting the gold mines from filling vacancies, but also created a panicky influence on employees on payrolls at that time who started leaving in even larger numbers. By Oct. 15, 1942, the number of employees at 11 B. C. gold mines still in operation had declined to 1,249—or only 50% of the normal requirements of these mines.

Mining Concentrates

Bassett Fluorspar Mining Syndicate has been formed to undertake development of a fluorspar property in Hastings County, Ont. The company has acquired under lease option 200 acres in Madoc twp., situated 2¼ miles from the railway and two miles from the power line. Authorized capital is 35,000 shares at $1 par value. President is M. Abraham.

* * *

Base Metals Mining Corp. had estimated operating profit of $139,603 for the nine months ended Sept. 30, 1942. Lead and zinc concentrates were shipped as produced. Due to labor shortage, tonnage of ore milled showed a reduction of 14% from the previous quarter, President J. H. C. Waite reports.

* * *

Beattie Gold Mines will pay a dividend of 3 cents a share on Dec. 23 to shareholders of record Nov. 28.

* * *

Coniaurum Mines has declared 3 cents a share payable Dec. 23, 1942, to shareholders of record Nov. 28.

* * *

Canadian mica production in 1941 totalled 5,487,891 lb. valued at $335,288 compared with 1,950,219 lb. worth $237,145 in 1940.

* * *

Falconbridge Nickel Mines has resumed dividends with declaration of 10 cents a share payable Dec. 22, 1942, to shareholders of record Nov. 25.

* * *

Hudson Bay Mining & Smelting Co. is presently reported treating 6,100-6,200 tons daily.

* * *

Hope Chest Mines has lost title to three claims in the Sudbury area, it is reported.

* * *

Kirkland Lake Gold Mining Co. had net earnings of $419,010 in the nine months ended Sept. 30, 1942, compared with $702,138 the corresponding period of 1941. Figures in each case are before taxes and depreciation. After allowance for these charges, earnings were equal to 4.48 cents a share in the nine months ended Sept. 30, 1942 compared with 8.5 cents for the corresponding period of 1941. Lower earnings resulted from lower production; output was $1,100,903 from 77,566 tons of ore in the 1942 period compared with $1,527,118 from 113,066 tons of ore in 1941.

* * *

Newmont Mining Corp., great United States mining and finance company, has extensive interests in Canada, the most important being a holding of 257,582 shares of Hudson Bay Mining & Smelting Co. Recently it has been active in the search for new base metal properties in British Columbia. Berens River, a Favorable Lake subsidiary of Newmont, has arranged with the Metals Reserve Co. to turn out zinc concentrates. Other operations in which Newmont is interested in Canada are Northern Empire Mines Co., Island Mountain Mines Co., Magnet Consolidated Gold Mines, Tombill Gold Mines and Sand River Mining Co. Sand River has been closed down by the war and Tombill is running out of ore.

* * *

Newbec Mines shareholders have approved formation of a new company to take over the property and complete a financing deal with Noranda Mines. Newbec is to receive 412,502 new company shares equal to one new share for each 10 Newbec shares issued. Noranda has agreed to purchase 100,000 shares of the new stock at 10 cents a share with options to be granted on further treasury shares.

* * *

San Antonio Gold Mines shows a substantial improvement in 1942, according to statements accompanying cheques for the current dividend. Production for the period from Jan. 1 to Oct. 7, 1942, was $1,741,152 from 153,094 tons of ore, an average recovery of $11.37 per ton as compared with $1,047,694 from 91,750 tons of ore and average recovery of $11.42 in the corresponding period of 1941. Costs for the 1942 period, exclusive of income taxes and depreciation, totalled $4.65 per ton, leaving operating profit of $6.72 per ton. In 1941, operating costs were reported at $5.26 per ton, leaving operating profit of $6.16 a ton. Working capital as at Oct. 7, 1942, amounted to $994,143 against $617,471 on the same date in 1941. Current assets as at Oct. 7, 1942 included $626,472 cash, $171,370 investments, $181,933 bullion, $50,254 ore in process, $255,425 supplies and $14,030 of accounts receivable.

* * *

Sherritt Gordon Mines has declared a dividend of 5 cents a share payable Dec. 19, 1942, to shareholders of record Nov. 14.

Inco Profits Up Last Quarter

But Total For Year Still Below 1941 After All Charges Met

A net profit of $8,368,510 or 54 cents a share was realized by International Nickel Co. in the three months ended Sept. 30, 1942. This represents a slight increase over the 51 cents a share for the preceding three months but is practically unchanged from the $8,380,331 or 54 cents a share realized in the September quarter of 1941.

Cumulative earnings for the nine months ended Sept. 30, 1942, now total $24,377,124 or $1.57 a share after all charges except amortization, a small decrease from the $25,695,938 or $1.66 a share the same period of 1941.

Despite the fact the company has been engaged on an expansion programme costing $35 millions, working capital has been maintained at practically the same level as a year ago. Net working capital at Sept. 30, 1942, was $84,070,076 against $82,722,113 on June 30 and $78,297,402 on Sept. 30, 1941.

Reflecting the expansion programme being carried out, properties were carried at $248,604,083 on Sept. 30, before allowance for depreciation, amortization and depletion reserves as against $238,861,409 on Dec. 31, 1941. After allowance of $91,697,762 for write-offs, however, property account is carried at a net figure of $156,906,321 on Sept. 30, 1942, or slightly less than at Dec. 31, 1941.

Operating income has shown a steady increase in 1942, totalling $18,499,995 in the March quarter, $18,607,417 in the June quarter and $18,962,640 in the three months ended Sept. 30, 1942. Total write-offs show some increase in 1942 totalling $12,048,418 for the nine months ended Sept. 30, 1942, as compared with $10,957,831 in the same period last year.

Hudson Bay Net Continues Higher

Earnings are still on the way up for Hudson Bay Mining & Smelting Co. with $1.92 a share earned in the nine months ended Sept. 30, 1942, compared with $1.79 and $1.49 a share for the corresponding periods of 1941 and 1940, respectively.

Profit for the latest quarter—the three months ended Sept. 30—was equal to 65 cents a share compared with 67 cents for the June quarter and 60 cents for the first quarter of this year.

Broulan Profit Works Higher

General Review of Gold Mining Situation Forwarded to Shareholders

Earnings took a turn for the better at Broulan Porcupine Mines in the three months ended Sept. 30, due chiefly to an increase in average recovery to $8.03 a ton compared with $6.55 a ton in the first six months of the year.

With production higher, earnings totalled $84,297 or 3.1 cents a share in the three months ended Sept. 30, 1942, compared with $138,000 or 5 cents a share for the preceding six months. Earnings for the nine months of this year now total $221,322 or 8.2 cents a share after taxes and write-offs compared with 9.1 cents a share for the corresponding period last year.

Available Tonnage Expands

While average recovery rose to $8.03 a ton in the third quarter this is still below the average gold content of $8.70 a ton for ore reserves at the end of last year. The company has been following a course of treating lower grade ore not included in reserves. The result of including such lower grade in mill feed is stated to be clearly shown above the third level where ore reserves were estimated at 1,000 tons per vertical foot at that time but where double this volume of ore is now being mined.

In view of current uncertainties, dividend action is being deferred. The management feels that if temporary reductions in operations are necessary, these can be made without affecting to any great extent the return to shareholders over the life of the mine. Working capital has been built up from $78,555 on Dec. 31, 1941, to $198,319 on Sept. 30, 1942.

Question Curtailment

Accompanying the statement on quarterly earnings forwarded to shareholders is a review of the current position of the Canadian gold mining industry. It is pointed out that Finance Minister J. L. Ilsley classified gold mining as an "essential war industry" in 1940 and how higher gold production was asked to meet Canada's foreign exchange requirements. Reviewing the recent decision to curtail gold mining in Canada, as announced by Prime Minister King, the company declares:

"The announced proposal to consider further curtailment of Canada's gold mining industry rouses grave doubts as to whether sufficient consideration has been given to the probable consequences with regard to the present and future economic position of the nation as a whole and the serious injury which is likely to result to populous mining communities in Canada."

Mining INVESTMENTS

Ontario gold mines in the September quarter showed how seriously mines still producing have been affected by labor and supply difficulties. Reduction in Canadian gold production is coming from curtailment in the level of operations at mines still producing as well as by the closing of a number of our smaller producers.

Of 53 mines listed as producing in the September quarter, only eight showed increases in tonnage of ore milled over the preceding three months. In other words, nearly 85% of the mines showed decreases.

* * *

A new trend is evident, however, that may become increasingly important in the months ahead. While only eight mines increased their tonnage of ore milled, no less than 18 actually increased the value of their output through treatment of a higher average grade of ore.

A gradual increase in costs—the result of lower efficiency of labor and use of a greater proportion of unskilled workers—has caused more than one mine to step up its grade, even at a possible threat to the future ore position.

* * *

Substantial increases in production in Ontario in the third quarter were reported by Broulan Porcupine Mines, which is understood to have run into some better grade ore lately, Teck-Hughes, which is still recovering from the Kirkland Lake strike, McKenzie Red Lake, now treating a grade nearer mine average and Hollinger's Ross Mine. It is noteworthy that the transfer of miners from the Porcupine and Kirkland Lake areas occurred too late to show any important effect on the September quarterly production report.

In Manitoba, San Antonio Gold Mines—operating with a higher mill capacity—has shown a substantial increase in the value of output this year.

* * *

A new tungsten find was reported in this column last week. This week, The Financial Post reports that Dome Mines has made the discovery. While details are sketchy as yet, the company has "what looks like a tungsten mine."

A crew can't be sent in to examine the new find until after freeze-up but a thorough investigation is planned at the earliest opportunity. The find is located in the Albany River district, southwest of Hudson Bay. It is in greenstones and is apparently a unique find in this respect.

* * *

Considerable discussion has taken place as to whether or not pressure from Washington brought curtailment of Canada's gold mining industry. Gold mining executives have claimed that this pressure was exerted, while in Ottawa circles it has been denied. Now from Washington comes word to support the view of the gold mining executives that gold mining curtailment was United States inspired. Whaley-Eaton Service in its Nov. 3 issue, declares:

"The pressure on Canada to force men out of gold mining by treating it as a non-essential industry came entirely from Washington."

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TORONTO MONTREAL

Ontario Nickel Corp. advises the Toronto Stock Exchange that 50,000 shares, part of the 100,000-share installment of Oct. 19 under underwriting agreement with George H. Johnson dated Sept. 19, 1942, have been taken up and the balance of the installment, together with the 100,000-share installment due Nov. 19, is to be taken up at a later date. Issued capital is 4,454,408 shares, leaving 1,545,592 shares in the treasury.

* * *

Nickel Offsets is offering 122,640 shares to shareholders as rights on the basis of one share at 70 cents for each 14 shares held. Directors reserve the right to dispose of any unsubscribed portion of the offering as they may deem fit.

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The Week in Oils

From Our Own Correspondent

CALGARY.—The Imperial Oil group is going to join the other operators now following up the discovery made at Major Oil Investments 9 in June of an oil-productive body of limestone east of the Turner Valley structural crest.

Imperial's new east side test, Royalite No. 66, has been staked a mile south and east of the Major 9 discovery well, a quarter mile due east of Major 1 well (which is producing from the crest of the structure), and a quarter of a mile north of the Calmont-Millarville 1 well, now drilling slightly east of the structure crest. Work on the new test will get under way in the very near future.

* * *

Three Other Tests

Elsewhere in Alberta, three new drill-tests have been staked, two additional ventures in fields already under test, and one the initial test in a new foothills structure.

Application has been made for drilling permit for Sullivan Creek Oil Syndicate No. 1 well, to be drilled on the Sullivan Creek anticline in the foothills west and slightly south of Turner Valley.

Standard Oil of British Columbia is now making arrangements for its next Taber Field test, to be drilled as a west offset to the Taber-Province No. 1 discovery producer.

* * *

Anglo Canadian Oil Co. and the Home Oil Co. are going to try again in the Buffalo Coulee area. The new joint test, Buffalo Coulee No. 2, has been staked in L.S.D. 8 35-47-7w4, half a mile north of the No. 1 venture (recently abandoned at 3,385 ft. as a dry hole), and quarter of a mile north of the old Altoba No. 2 well, whose favorable showings prompted the Anglo-Home programme.

* * *

September Lower

Alberta's crude oil and natural gasoline production during September totalled 800,861 bbls. (26,695 bbls. per day), while revenue from sales of the crude product totalled $1,184,694 ($44,870 daily).

The daily average production for September represents a decrease of 614 bbls. daily from August, and a decline of 1,831 bbls. compared with Sept., 1941. The September daily revenue shows a decline of $727 compared with Aug., 1942, and a decrease of $2,402 compared with September last year.

The declines in production and revenue reflect the slowdown in development, and resultant decrease in new production to offset normal decline. Bulk of the decline is accounted for by Turner Valley limestone oilwells, which averaged only 25,485 bbls. daily in September compared with 26,260 bbls. daily in August.

* * *

October Better

Due to a run of new completions, Turner Valley oilwells show a slight gain in October over the September average, but a substantially increased rate of drilling is necessary if the downward trend is to be arrested. Here are the daily average yields from valley oil wells for recent weeks: Week ended Oct. 5, 24,128 bbls.; Oct. 12, 26,194 bbls.; Oct. 19, 25,818 bbls.; Oct. 26, 26,065 bbls.; Nov. 2, 25,886 bbls.

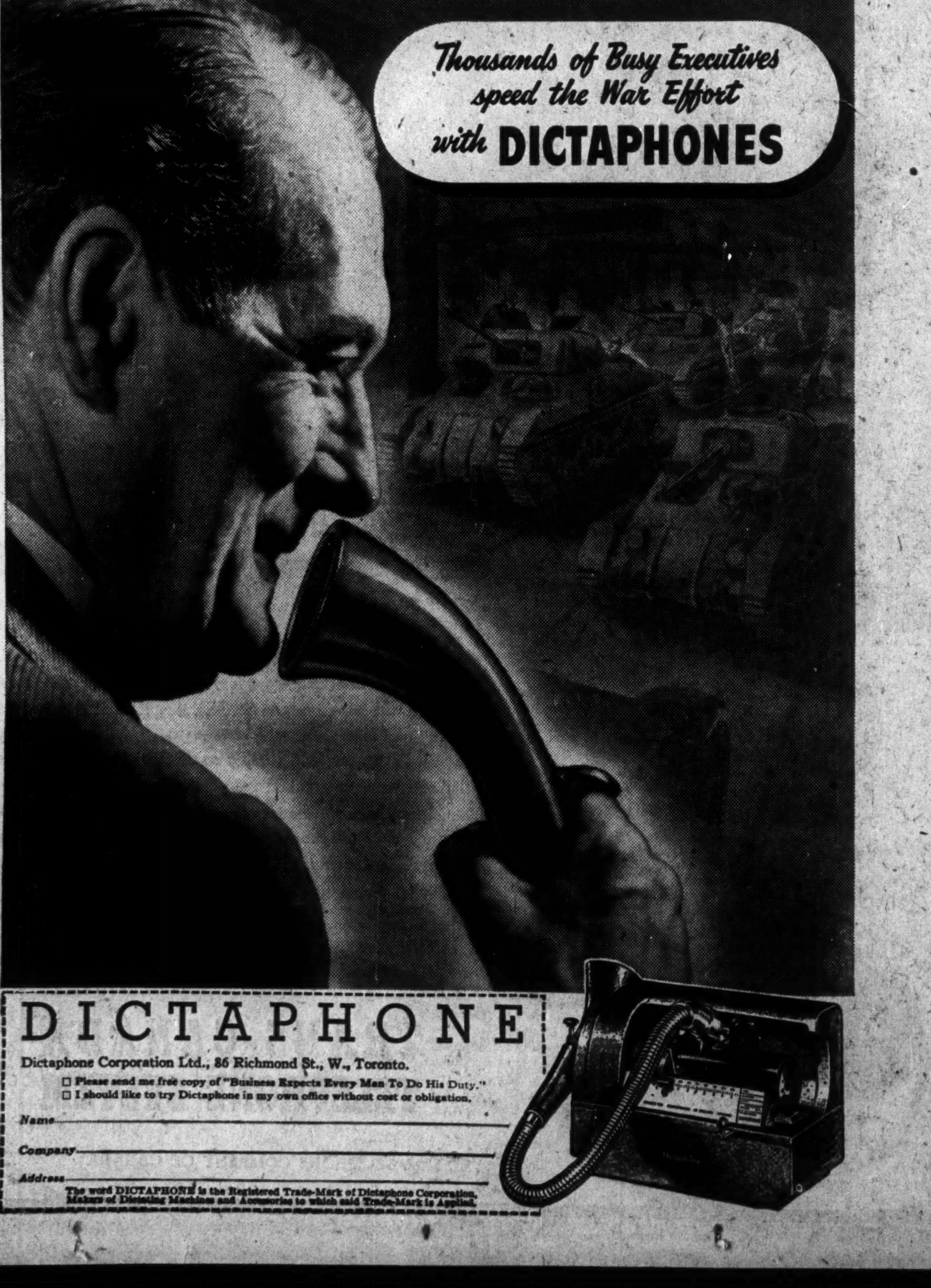
The September output boosts production for the first nine months of 1942 to 7,636,991 bbls., a gain of 297,780 bbls. over the output of 7,339,211 bbls. produced during the same period in 1941.

Following is a summary of Sept., 1942 production by sources, and the cumulative total production from inception to Sept. 30, 1942.

Source:	Sept., 1942 bbls.	Total to date bbls.
Turner Valley:		
Limestone oilwells	764,555	40,861,335
Limestone gaswells	1,844	8,091,910
Shallow oilwells	432	476,120
Natural gasoline	20,082	4,015,345
Total Turner Valley	786,913	53,444,710
Vermilion field	8,472	78,210
Red Coulee field	833	312,541
Wainwright field	1,183	155,488
Del Bonita area	....	9,003
Dina field	....	21,574
Princess field	1,253	27,443
Lloydminster area	....	2,031
Tilley field	562	5,482
Taber field	1,645	36,455
Miscellaneous	....	51,071
Total other fields	13,948	699,298
Alberta totals—from wells	800,861	54,144,008
McMurray sand—mined oil	2,410	27,451
All sources, Alberta totals	803,271	54,171,459

Chesterville Profits Lower Last Quarter

An operating profit of $286,461 was realized by Chesterville Larder Lake Gold Mining Co. in the nine months ended Sept. 15, 1942, compared with $480,619 for the corresponding period of last year. After all charges, but before taxes, profits were $115,001 in the nine months this year against $349,109 last year.



Strategic Mineral Output to Spurt in 1943

Flow of Molybdenum, Tungsten and Magnesium Due for Sharp Upturn

By GORDON M. GRANT

Canada's strategic mineral output is due to take a spurt in 1943 which will coincide with commencement of peak war production in this country.

Dome's molybdenum showing in Preissac Twp., Que.—the Emerald tungsten property in British Columbia—magnesium production in eastern Ontario—chromite in the Bird River area, Man.—all these are prime factors in plans for increased production of minerals which were little known before the war but which have emerged as names of common reference.

The new production will be an important factor in our industrial output. But more could be used.

The Emerald tungsten property near Salmo, B.C., rated some time ago as the largest known tungsten property in North America has shown expanding tonnage possibilities in further work but even at that, it appears that production will not reach the total amount that could be used. Molybdenum production in Canada this war may exceed that of the last war when Canada possessed the world's largest molybdenum mine but we could still use much more than will be turned out. The need for molybdenum has been heightened by the large amounts of this mineral shipped by the United States to Soviet Russia under lease-lend.

With this the case, there will be no let-up in the search for new sources of supply of the minerals mentioned and other rarer base metals such as antimony, manganese, vanadium, cadmium, and tin. Search for mercury is still important but not nearly as much so as before Consolidated Smelters brought along its Pinchi Lake, B.C. property into substantial production.

Canada's coming production of strategic minerals will be far larger than many authorities had dared to hope and will be of inestimable value to war production. Here is how Canada is progressing in the bringing in of sources of strategic minerals

Canada's strategic mineral drive has now stepped forward from the prospecting to the production stage. Noted on the map above are some of the significant developments in this field which are expected to go far in allowing an all-out effort on the industrial front, untrammelled by serious material shortages. Where we stand today on many of the scarcer strategic minerals is reviewed in the story below.

Molybdenum

Used for hardening steel and as a substitute for tungsten in the manufacture of machine tools. A simple alloying element for manufacture of armor plate.

Developments have come thick and fast in this metal's field in the last few months. The great new deposit of Dome Mines in Preissac twp., Que., is expected to reach production next summer, working on a contract for two million pounds of metal for the Dept. of Munitions and Supply.

A shaft will be sunk to allow mining ore. The deposit is wide enough on surface to warrant open pit operation but due to the flat-lying character of the occurrence, sinking of a shaft and underground mining were deemed best. This deposit is apparently the most extensive in North America outside of the great Climax Molybdenum deposit in the United States which is at present unequal to meeting combined demands of all Allies.

Dome holds no monopoly of the molybdenum business in Canada, however. Wartime Metals Corp., through Siscoe Gold Mines, will turn out molybdenum at a property in Lacorne twp., Quebec. Sullivan Consolidated has been securing interesting results at an adjoining property.

As reported earlier by The Financial Post, Wartime Metals Corp. has taken over the 100-ton rated capacity mill of Zenith Molybdenite in the Renfrew area and plans its operation on a custom basis. A number of deals are reported completed by some of the larger mining companies on molybdenum showings in the same general area.

Tungsten

Cemented carbide tools and molybdenum have served to offset the loss of major sources of supplies of tungsten —used in tips for anti-tank shot and manufacture of machine tools. But tungsten is preferred for most uses — if we can get it.

As reported in The Financial Post several weeks ago, a 200-ton mill has been recommended for the important Emerald Tungsten property near Salmo, B.C., which is to be operated by Wartime Metals Corp. on a royalty basis. The deposit now appears much larger than originally disclosed and milling facilities commensurate with the size of the deposit will be erected, it is indicated. Thus production rate may exceed the 200 tons a day mentioned previously; may indeed be as high as 500 tons daily.

The flow of tungsten from Canadian lode gold mines is increasing and still further properties are planning production. Dome may have a tungsten mine in the Albany River area.

The tungsten recovery plant of Little Long Lac Gold Mines is nearing completion. McKenzie Red Lake is also installing a plant and expects a large output. The "all-tungsten" mines — Red Rose, near Hazelton, B.C. (Consolidated Smelters) and Tungsten Mines in Guysborough Co., Nova Scotia, Mines)—are producing steadily, the pioneer tungsten mines that the war has brought forth in this country. Goodrock Mines reports installation of a 10-ton tungsten mill in the Northwest Territories.

Showings of scheelite in Risborough and Marlow twps., eastern Quebec, have resulted in withdrawing this area from staking by the Quebec government.

Magnesium

Lightest of the commercial metals, magnesium is extensively used in airplane construction, in manufacture of incendiary bombs and flares.

Success attending Canada's magnesium production programme is reviewed elsewhere in this issue. From present indications the Dominion Government financed plant at Renfrew will turn out the full 10 tons of metal a day when capacity operations are reached. Production is mounting steadily now.

Consolidated Mining and Smelting Co. commenced production of magnesium in 1941. The company releases few details on its war metals programme but in the 1941 annual report it was stated that an increase in production was planned. A magnesium chloride process has been developed which the company claims is remarkably efficient.

Chromium

This metal occurs in chromite and is rarely isolated for commercial purposes, the common metallurgical practice being production of an "addition agent"—"Chrom-X" or ferro-chrome—to be added to steel or other metals. Chromium increases hardness and strength.

Three properties appear likely to put Canadian chromite on the strategic minerals score board. Chromite Ltd., near St. Cyr, Que., is producing steadily, shipping to an American concern. Chromium Mining & Smelting Corp. is also receiving the occasional shipment. Extensive chromite showings in the Bird River area of Manitoba—controlled by Hudson Bay Mining & Smelting, Gunnar Gold and God's Lake—offer important tonnage possibilities if a high iron content does not prove too serious a handicap to their concentration. Metallurgists in Canada and New York are working on the ore treatment problem and 200 tons of ore is to be shipped to the Dominion Bureau of Mines at Ottawa for research work as soon as winter roads are in shape.

A more immediate source of chromite and chromite concentrates than Bird River will be the Black Lake chromite property in eastern Quebec which has been rehabilitated. A 600 tons a day concentrator is being erected with some of the equipment from the Howey mine being utilized. This is one of the growing list of Dominion government-financed projects being operated through Wartime Metals Corp.

Mercury

Used in detonators for explosives; for anti-fouling paints for ships; in special instruments.

Even though Canada is turning out more mercury than she can use from the Pinchi Lake mine of Consolidated Mining and Smelting Co., the search for further deposits to help out the United Nations is being pressed. Consolidated Smelters recently optioned a new property on Silver Creek, near Takla Landing, B.C.

Practically all the hunting for deposits of cinnabar, ore of mercury, is being concentrated in British Columbia which is viewed as the most likely territory for location of this type of deposit in Canada. One or two small operations are also turning out mercury. The Pinchi Lake deposits seem to bear out the theory that B. C. is mercury-bearing country.

Arsenic

Used in the war chemical industry in the United States.

Arsenic, the peacetime bane of more than one gold mining property in securing a high recovery percentage, is proving an important war product. Beattie Gold Mines is turning out an important quantity and O'Brien Gold Mines is producing approximately one ton a day. It is suggested that O'Brien is perhaps an "arsenic-gold" property rather than a "gold-arsenic" operation.

Further production of this mineral is reported at Deloro, Ont. while Wampum Gold Mines operating the Douglas Lake property near the Manitoba-Saskatchewan boundary, is reported to have a contract from the Metals Reserve Co. for arsenic. Ore runs about 20% arsenic.

Tin

An important constituent of solders. Used in bearings and in tin plate.

Approximately 15% of Canada's normal requirements of tin are being taken care of through production of by-product tin by Consolidated Mining & Smelting Co. at its Trail plant in British Columbia. With wartime curtailment of the use of tin, it appears that the supplies from Consolidated Smelters are being stretched further than might have seemed possible a short while ago.

Metal authorities have long hoped for a tin mine in Canada to relieve worries on the way we must eat into stock piles of this metal. No deposit has yet been outlined but there is news of one find in western Canada which is described as promising.

MacLeod-Cockshutt Mine Development Well Ahead

From Our Own Correspondent

GERALDTON.—The extensive development programme of MacLeod-Cockshutt Gold Mines in recent years has now placed the mine in a strong forward position warranting a major increase in production. But with present work conditions, the company has to be content with the level of production and faces the possibility that increasing shortages of labor and supplies may even eat into the present production rate.

Large Tonnage Outlined

Development of the north and south ore bodies at MacLeod has confirmed the belief that the Little Long Lac producer has one of the largest of the gold lode deposits revealed in Canada in recent years. There have been opened up between 4,000 and 4,500 tons of ore per vertical foot in the north and south ore structures lying in the banded iron formation. Large tonnage possibilities are presented in future exploration of the south ore structures at depth and to the west in westerly raking porphyry bodies.

Development operations in recent months have been confined mainly to the 7th or 1,100-ft. level of the north ore bodies and the 650-ft. or 4th level of the west ore bodies. On the former, initial drift development has indicated 1,726 tons of ore to the vertical foot of 0.273 oz. grade. The ore structures occur over an east-west length of 1,200 ft. lying to the west of the main shaft and over a north-south width of 250 ft. Further drift development, slashing and taking down of backs, have been confirmatory of these estimates.

Nine Ore Bodies

There are two main ore bodies with a series of seven subsidiary bodies. The No. 703 shows a length of 236 ft. over an average width of 43 ft. with widths up to 73 ft. in the wider folds. Grade from car sampling of 1,158 tons returned 0.241 oz. gold per ton.

On the 4th level west, drift development has been proceeded with from the No. 1 or west shaft. As noted previously, 2,360 tons of ore per vertical foot grading 0.26 oz. gold per ton has been opened up in this section. Recent development on the 4th level has opened up the ore structures starting at 300 ft. west of the shaft crosscut. Drifting has so far been in ore for 700 ft. to the west. There are now indicated in excess of 1,500 tons of ore per vertical foot with the west face open and parallel structure to the north and west indicated in drilling over a length of 200 ft.

Net profit for the fiscal year ended Sept. 30, 1942, is understood to have been in the neighborhood of $370,000 or 13 cents a share.

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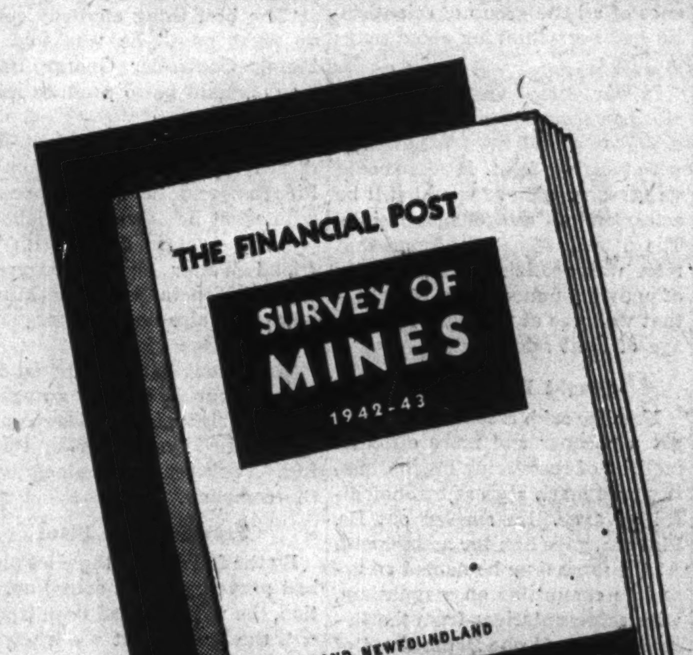

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We Distil Magnesium

(Continued from page 11)

strong as steel." This is a double untruth. It is not as light as wood, and the best steel is 2½ times as strong. It is in a table of relative strength for members of the same weight that magnesium stands out. This table gives magnesium alloy a rating of 11.1, aluminum a rating of 9.3, nickelchrome steel 7, and mild steel 3.6.

Under a two-foot blanket of flux, pure magnesium is melted for ingots. In spite of the heavy blanket, the odd brilliant flame of burning magnesium breaks forth.

—Wartime Information Board photo.

Cost to be Cut

When the war ends, when things resume their proper proportion, cost will naturally have a bearing on how widespread the use of magnesium becomes. Pidgeon is confident cost can be cut.

The plant at Haley's Corner has not been in operation long enough for the production cost to be known. The product, 99.98% pure magnesium, is selling at a nominal price of 35 cents a pound, but that means nothing, because it is all going to the government, and Dominion Magnesium is operating the government-owned plant on a no-profit, no-fee basis for the duration. Actual cost in all probability will be well under 20 cents a pound.

In the United States, magnesium is quoted on the market at about 24.5 cents.

Capital investment per ton of capacity at Haley's Corner is far less than in U. S. plants using other processes. The gigantic new plant at Las Vegas, Nevada, is costing $750,000 per ton of capacity, compared with $300,000 at Haley's.

The Haley's Corner unit produces one ton of pure magnesium from 11 tons of raw dolomite, and will get a pound of metal for each pound of ferro-silicon used in the process. The cost of ferro-silicon is about five cents a pound.

Labor has not so far presented any problem. Most of the workers live at home and drive to work, although 16 houses have been put up to accommodate staff men from outside, and a dormitory is now under construction. Acting as manager of the plant is J. D. Barrington, on loan from his post as manager of Moneta Porcupine Mines.

Postwar Rights

After the war, rights to the Pidgeon process will be owned by Dominion Magnesium, which in turn is owned by Bobjo, Moneta-Porcupine and Ventures.

The five plants which have adopted the Pidgeon process in the United States are Permanente Metals, California; Ford Motors, Michigan; National Lead, Ohio; New England Lime, Connecticut, and American Metals, New York State.

Dow Chemical Co. was the only magnesium producer in the United States before the war. It uses the electrolytic process in its plant in Michigan. This process is also used by two plants in Texas and one in Nevada. These plants produce either from salt brine or sea-water, with the exception of the one in Nevada, which will use magnesite.

The Pidgeon process had several features which commended themselves to U. S. officials. One of these was low capital outlay; another was the fact that a plant using this process could be built and put into production quicker.

A third was that, as originally developed, the process did not envision electrical heating, but was designed to use oil, gas or coal. At Haley's, coal is used for heating up to the retort stage, and would do there, too, if there was a power shortage in the area. Electricity is essential in making the ferro-silicon reacting agent, but five kw.h. will produce a pound of ferro-silicon, which in turn will distil a pound of magnesium.

The U. S. plants, in power shortage localities, will use coal or gas, and require only about one half of the electricity they would have needed with the electrolytic process.

Pidgeon Helps U. S. A.

Son of a Montreal clergyman, a scientist who likes to play a piano or design sailboats in his spare time, Dr. Pidgeon has had a procession of U. S. experts beating their way to his laboratory for advice, and has helped untangle many technical problems for the new plants across the border.

A crusader for lightness, he sees needless, excessive weight in anything that moves as a hangover from Victorian days when man first learned to build heavy structures from steel. He takes heart from the fact that a railway in the United States now advertises its crack train as the "Zephyr"—this in contrast with the "iron horse" build up of yesteryear. He believes magnesium has a spectacular future; will keep on working to give it one.

The story of the Pidgeon process goes back to the day in 1937 when Lieut.-General A. G. L. McNaughton, as head of Canada's National Research Council, called a conference of a little group of scientists. He had been thinking about magnesium.

If war came—and in 1937 the clouds were darkening the distant sky—we would need magnesium with which to fight. If peace could be preserved, there would still be a tremendous use for magnesium. There were signs all around that man was realizing the stupidity of moving unnecessary weight—that we were at the start of a new age of light alloy metals.

Sought Better Way

Now, he said, if somebody could get a cheaper and more efficient method of recovering magnesium, it would mark a great technological advance. He singled out Dr. Pidgeon, gave him the assignment. At the same time he named an associate committee on magnesium, with representatives from the Research Council, the Department of National Defense and the Department of Mines and Resources.

There were many ways of extracting magnesium. Commonest was the electrolytic method, in which magnesium chloride was fused to red heat and direct current was applied to recover the metal. Pidgeon tried this, tried the others, kept careful observations over a long period, made detailed notes.

He decided, finally, that the ferro-silicon process offered the greatest promise, and concentrated on that.

Roughly speaking, it consists of removing the oxygen from magnesia—the oxide of magnesium—to distill metallic magnesium. Ferro-silicon, made by reacting silica sand with coke and iron in an electric furnace, under certain conditions has a greater affinity for oxygen than magnesia. When ferro-silicon and magnesia are placed in a vacuum and raised to a high enough temperature, the ferro-silicon "steals" the oxygen, and brings about distillation of the liberated magnesium in vapor form.

The ferro-silicon process was well known, but was regarded chiefly as an interesting laboratory experiment, with few possibilities for commercial application.

What Pidgeon found out was how to use it efficiently for large-scale production.

His first step was to learn, through the trial and error of research, how to effect distillation at the lowest possible temperature. He proved this could be done at far lower temperatures than had been supposed.

This opened the way for the use of retorts made of metal rather than of some more heat-resistant, but less efficient, material. It also opened the way for him to design a new kind of retort which can be kept at constant operating temperature even while the contents are being removed.

He worked out, in test tube size, equipment for extracting metal from dolomite and the other magnesium bearing rocks. By 1940 he had carried his research as far as he could in the laboratory; felt reasonably sure what could be done.

To go further, a pilot plant would be necessary, and pilot plants were outside the scope of the National Research Council.

Just about this time Robert J. Jowsey, veteran prospector and mine maker, president of Bobjo Mines, descended on Ottawa. He wanted a job at which he could roll up his sleeves and really go to work for the war effort. He wanted something that would use his experience, his money, anything he could give.

"The best thing anybody could do right now," he was told by Metals Controller George Bateman, "would be to produce magnesium."

Jowsey accepted the hint. His search for a process led him to Pidgeon, and he was impressed with what he saw in the laboratory. He got in touch with his friend Walter Segsworth, president of Moneta Porcupine Mines, who was also looking for some way to speed victory.

They went to the National Research Council, entered an agreement for rights to the Pidgeon process, formed Dominion Magnesium Ltd. Ventures Ltd. helped back the company.

Provide Pilot Plant

By the fall of 1941 the pilot plant had proved itself in actual operation, the wrinkles had been ironed out, the green light was showing for a major development.

Meanwhile a site had been selected at Haley's Corner. It was chosen for a combination of reasons. It had a huge deposit of dolomite, which the process used. It was adjacent to a plentiful supply of power, this being generated at Bryson, on the Ottawa River. There were no large war industries in the district to compete for this power. And there were adequate facilities for railway transportation.

Dominion Magnesium was willing to finance a plant of two or three tons capacity privately; was, in fact, planning to do so, when the government decided to step in and put up funds for a far larger plant.

May Extend Plant

First this was to be 10 tons, then it was 20 tons. The plant, when construction started about a year ago, was laid out on a 20-ton basis, but the government again changed its mind and ordered a 10-ton mill. That is the capacity today but the plant is so designed that it can easily be extended. Rumors of an extension are now prevalent.

The first metal was distilled Aug. 17 when the buildings were still uncompleted and a good deal of the equipment had yet to be installed. For a few weeks—because magnesium is so urgently needed—the operation was carried on on a makeshift basis. Raw material was brought in from outside because kilns for pre-treating the dolomite were not ready.

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